Manitoba
Finance

Financial Statements of Boards, Commissions and Government Agencies

of the
Province of Manitoba

for the Year Ended 31st March, 1986

Office of the Queen's Printer for the Province of Manitoba, 1986
WINNIPEG

GOVERNMENT OF THE PROVINCE OF MANITOBA

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ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

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To The Shareholders' of,
A.E. McKenzie Co. Ltd.:

We have examined the consolidated balance sheets of A.E. McKENZIE CO. LTD. (a Manitoba Crown Corporation) as of October 31, 1985 and 1984, and the consolidated statements of operations, deficit and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as of October 31, 1985 and 1984, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

December 20, 1985

A. E. McKENZIE CO. LTD.

CONSOLIDATED BALANCE SHEETS--OCTOBER 31, 1985 AND 1984

ASSETS (Note 6)

	1985	1984
CURRENT ASSETS:		
Cash and term deposits	$ 777,554	$ 853,322
Accounts receivable (Note 5)	1,587,661	1,671,460
Inventory (Note 5)	5,095,247	3,880,940
Prepaid expenses	51,130	47,435
Total current assets	$ 7,511,592	$ 6,453,157
EQUIPMENT UNDER CAPITAL LEASE (Note 4)	282,369	277,349
FIXED ASSETS (Note 2)	1,013,867	994,114
OTHER ASSETS (Note 3)	209,479	303,533
	$ 9,017,307	$ 8,028,153

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	1985	1984
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 2,380,417	$ 3,213,792
Current portion of capital lease (Note 4)	67,308	48,606
Current portion of long-term debt (Note 6)	262,585	872,940
Total current liabilities	$ 2,710,310	$ 4,135,338
OBLIGATIONS UNDER CAPITAL LEASE (Note 4)	252,032	245,245
LONG-TERM DEBT (Note 6)	733,765	6,451,000
Total liabilities	$ 3,696,107	$10,831,583
SHAREHOLDERS' INVESTMENT:		
Share capital (Note 7)	$12,268,500	$ 5,114,500
Deficit	(6,947,300)	(7,917,930)
Total shareholders' investment	$ 5,321,200	$(2,803,430)
	$ 9,017,307	$ 8,028,153

Approved on behalf of the Board:

Director

William H. N. [illegible] Director

The accompanying notes are an integral part of these balance sheets.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED OCTOBER 31, 1985 AND 1984

	1985	1984
NET SALES	$13,587,489	$15,078,742
COST OF SALES	7,093,841	8,050,395
GROSS PROFIT	$ 6,493,648	$ 7,028,347
EXPENSES:		
Selling, marketing and distribution	$ 4,107,913	$ 4,531,842
Administration	1,314,001	1,282,943
	$ 5,421,914	$ 5,814,785
	$ 1,071,734	$ 1,213,562
OTHER INCOME	136,996	85,406
NET OPERATING INCOME	$ 1,208,730	$ 1,298,968
INTEREST:		
Long-term (Note 6)	$ 142,315	$ 991,810
Short-term (Note 5)	52,103	141,303
Capital lease (Note 4)	43,682	31,284
	$ 238,100	$ 1,164,397
NET INCOME FOR THE YEAR	$ 970,630	$ 134,571

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF DEFICIT

FOR THE YEARS ENDED OCTOBER 31, 1985 AND 1984

	1985	1984
DEFICIT, Beginning of year	$(7,917,930)	$(8,052,501)
NET INCOME FOR THE YEAR	970,630	134,571
DEFICIT, End of year	$(6,947,300)	$(7,917,930)

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED OCTOBER 31, 1985 AND 1984

	1985	1984
SOURCES OF FUNDS:		
Operations		
Net income	$ 970,630	$ 134,571
Depreciation	284,821	290,899
Amortization	124,291	314,576
Gain on sale of fixed asset	(654)	(2,467)
Disposal of goodwill	-	42,739
	$ 1,379,088	$ 780,318
Increase in obligations under capital lease, net	6,787	245,245
Disposal of fixed assets	5,016	8,600
Disposal of investment	-	120,000
Issuance of preferred shares	7,154,000	-
Total sources of funds	$ 8,544,891	$ 1,154,163
USES OF FUNDS:		
Purchase of fixed assets	$ 232,866	$ 189,997
Purchase of equipment under capital lease	81,090	326,293
Increase in development costs	30,237	7,492
Redemption and reduction of long-term debt	5,717,235	661,555
Total uses of funds	$ 6,061,428	$ 1,185,337
Increase (decrease) in working capital	$ 2,483,463	$ (31,174)
WORKING CAPITAL, beginning of year	2,317,819	2,348,993
WORKING CAPITAL, end of year	$ 4,801,282	$ 2,317,819
INCREASE (DECREASE) IN WORKING CAPITAL COMPONENTS:		
Cash and term deposits	$ (75,768)	$ 850,577
Accounts receivable	(83,799)	269,110
Inventory	1,214,307	(1,091,211)
Prepaid expenses	3,695	(45,821)
Bank loans	-	418,287
Accounts payable and accrued liabilities	833,375	6,094
Current portion - Capital lease	(18,702)	(48,606)
- Long-term debt	610,355	(389,604)
Increase (decrease) in working capital	$ 2,483,463	$ (31,174)

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 1985 AND 1984

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Company:

(a) Accounts Consolidated

These financial statements consolidate the accounts of A. E. McKenzie Co. Ltd. and the following wholly owned subsidiaries:

Steele Briggs Ltd.
McFayden Seeds Ltd.
Pike & Co. Ltd.
Canada Seeds Ltd.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost of manufactured goods and work in process includes material, labor and plant overhead. Cost of finished packets is determined at average cost by variety. Cost for bulk seed is determined at laid-down cost by specific item. Inventory purchased for resale and packaging and shipping materials are valued at an average laid-down cost by item. Provision has been made for obsolescence, germination and slow moving stocks.

(c) Depreciation - Fixed Assets

Depreciation of fixed assets is recorded on the straight-line basis using the following rates:

Buildings	- 2%
Building renovations	- 10%
Equipment	- 10%
Leasehold improvements	- Term of Lease
Display stands and trays	- 20%
Equipment under capital lease	- 20%

(d) Amortization - Other Assets

Computer development costs are amortized on a straight-line basis over five years.

Design development costs associated with new products are amortized on a straight-line basis over five years. Unamortized design development costs for products discontinued are written off completely in the year of discontinuation. In 1985 discontinued product costs totalled $21,361 (1984 - $140,476).

Goodwill is amortized on a straight-line basis over 10 years.

(e) Foreign Exchange

The accounts of the Company denominated in foreign currency have been translated to Canadian dollars on the following basis:

i) Income and expenses are translated using the average currency rates in effect during the period.

ii) Monetary items (primarily Accounts Payable) are translated at the exchange rate at the financial statement date.

iii) Non-monetary items (primarily inventories) are translated at their historic exchange rates.

The resulting foreign currency gains or losses are included in other income in the current year.

(f) Pension Cost

The Company maintains two fully funded pension plans for its employees.

Pension cost related to the cost-based plan are recorded based on the required contribution under the formula stated in the plan.

Pension cost related to the benefit-based plan are recorded based on the cost of pension entitlements accrued during the period.

In addition, revaluation adjustments are allocated against pension costs over the period which is expected to elapse before the next revaluation.

During the year certain changes were made to the Company's pension plan. The cost of these changes will be funded from the plan. These changes do not have a significant effect on the current year company operations.

(g) Revenue Recognition

A substantial portion of the Company's sales are made on a guaranteed sale or consignment basis.

As of the yearend date, substantially all returns have been processed. For returns which have not been processed, the Company records a provision based on its actual returns for the year.

(h) Income Tax

The Company is owned by the Manitoba Government and its agency, the Manitoba Development Corporation. It is therefore exempt from income tax.

2. FIXED ASSETS

	1985		1984	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 30,953	$ -	$ 30,971	$ -
Buildings	1,538,396	1,036,487	1,449,205	973,084
Equipment	1,519,375	1,151,988	1,426,347	1,093,475
Leasehold Improvements	82,242	52,258	79,316	43,188
Trays	56,393	42,394	56,393	31,115
Display Stands	358,201	288,566	324,123	231,379
	$ 3,585,560	$ 2,571,693	$ 3,366,355	$ 2,372,241
Cost less accumulated depreciation	$ 1,013,867		$ 994,114	

3. OTHER ASSETS

	1985		1984	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Development				
- Design	$ 324,265	$ 235,288	$ 351,637	$ 191,797
- Computer	61,987	46,586	57,781	34,189
Goodwill	150,101	45,000	150,101	30,000
	$ 536,353	$ 326,874	$ 559,519	$ 255,986
Cost less accumulated amortization	$ 209,479		$ 303,533	

4. LEASES

During the current year the Company purchased additional computer equipment under a capital lease for $81,090 which is being amortized over a 5 year period. The net book value of equipment under capital lease is as follows:

	1985	1984
Equipment under Capital Lease	$ 407,383	$ 326,293
Accumulated Amortization	125,014	48,944
	$ 282,369	$ 277,349

4. LEASES (continued)

The future minimum lease payments under capital and operating leases that have initial or remaining non-cancelable terms in excess of one year at October 31, 1985 are as follows:

	Capital Leases	Operating Leases
1986	$106,433	$228,363
1987	106,433	135,160
1988	106,433	50,393
1989	78,113	7,500
1990	16,103	-
Thereafter	-	-
Total Minimum Lease Payments	$413,515	$421,416
Less: Imputed Interest at 13.5%	94,175	
	$319,340	
Present Value of Obligations Under Capital Lease Due Within One Year	67,308	
Present value of Long Term Obligations Under Capital Lease	$252,032	

Aggregate rentals paid on operating leases for real estate, automobiles, computer software and other equipment for the year ended October 31, 1985 amounted to $311,972 (1984 - $384,576). The Company is responsible for all operating costs related to the above. The Company has also guaranteed certain minimum values for automobile leases.

5. BANK LOANS

Bank loans, which are required from time to time, are secured by inventory, accounts receivable and the assignment of the fire insurance policy. Bank loans bear interest at prime.

6. LONG-TERM DEBT

	1985	1984
Demand debenture, repayable in monthly instalments of principal and interest amounting to $22,339, interest at a fixed rate of 12.5% maturing 1989	$ 845,350	$7,000,000
Promissory note, repayable in annual instalments of $63,000 plus interest at the Toronto-Dominion Bank prime lending rate, maturing 1988	126,000	248,940
Promissory note, repayable in semi-annual instalments of $30,000 including interest at the rate of 10.95%, maturing 1986	25,000	75,000
	$ 996,350	$7,323,940
Current Portion	262,585	872,940
	$ 733,765	$6,451,000

Principal payments due in the next four years for all of the long-term debt described above:

1986 - $262,585
1987 - $260,090
1988 - $222,497
1989 - $251,178

The demand debenture held by the Manitoba Development Corporation is secured by a fixed and floating charge on all assets of the Company subject to prior security held by the bank.

During the year $6,000,000 in demand debenture was converted to 6% non-voting, non-cumulative, redeemable, convertible preferred shares leaving a balance of $1,000,000 outstanding under a new debenture.

7. SHARE CAPITAL

Authorized

2,000	Class A common shares, maximum consideration $200,000
5,000,000	Class B common shares, maximum consideration $5,000,000
5,000,000	Class A preferred shares, non-voting, cumulative dividends at the rate of 6¢ per share per annum, redeemable, convertible, maximum consideration $5,000,000
7,154,000	Class B preferred shares, non-voting, non-cumulative dividends at the rate of 6¢ per share per annum, redeemable, convertible, maximum consideration $7,154,000

Issued and fully paid		1985	1984
1,145	Class A common shares	$ 114,500	$ 114,500
5,000,000	Class A preferred shares	5,000,000	5,000,000
7,154,000	Class B preferred shares	7,154,000	-
		$12,268,500	$ 5,114,500

The Class A preferred shares are redeemable, at the option of the holder and the company, at $1 per share together with any dividends accrued thereon and unpaid. Dividends in arrears at October 31, 1985 were $900,000.

During the year $7,154,000 of long-term debt and accrued interest were converted into Class B preferred shares. The Class B preferred shares are redeemable at $1 per share together with any dividends declared and unpaid.

The preferred shares are only convertible with the written approval of the Lieutenant-Governor in Council of the Province of Manitoba. The terms of conversion have not been specified.

All of the issued common shares are owned by the Province of Manitoba.

8. CONTINGENCIES

During 1983 a special audit was conducted by the Provincial Auditor into transactions between A. E. McKenzie Co. Ltd. and companies in which three senior officers were alleged to have had a beneficial interest. Subsequently, the three officers were discharged. The Company has commenced legal action to recover some amounts from the three officers but the amounts have not yet been determined.

8. CONTINGENCIES (continued)

The three companies involved were Vantage Western Data Ltd., a company which leased a computer to A. E. McKenzie Co. Ltd., Agassiz Packaging Ltd., a company which conducted merchandising business with A. E. McKenzie Co. Ltd., and Ten Eleven Ltd., a company which leased two buildings to A. E. McKenzie Co. Ltd.

All contracts and transactions with these companies were terminated in 1984. Any recovery will be accouned for in the period the settlement occurs.

9. RECLASSIFICATIONS

Certain 1984 amounts have been reclassified in order to conform with the 1985 financial statement presentation.

10. LEGISLATIVE COMMITTEE INFORMATION

The following information is supplied in accordance with a request of the Standing Committee on Economic Development of the Manitoba Legislature dated May 26, 1983:

The annual borrowing cost to the government for the investment of $12,154,000 in Class A and B preferred shares (1984 and 1983 - 5,000,000 Class A preferred shares), at the average 20 year long-term borrowing rate for the three years ended October 31, 1985, is as follows:

	1985	1984	1983	Total
Long-term borrowing rate	12.10%	13.54%	12.59%	
Borrowing cost	$1,470,600	$ 677,000	$ 629,500	$2,777,100
Dividends in arrears on Class A preferred shares	300,000	300,000	300,000	900,000
Borrowing cost in excess of dividends in arrears	$1,170,609	$ 377,000	$ 329,500	$1,877,100

Manitoba

THE ALCOHOLISM FOUNDATION OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Alcoholism Foundation of Manitoba for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred W. Jackson
F. H. Jackson, C.A.,
Provincial Auditor.

June 4, 1986,
Winnipeg, Manitoba.

Exhibit A

THE ALCOHOLISM FOUNDATION OF MANITOBA
(Incorporated under the laws of Manitoba)

Balance Sheet as at March 31, 1986

ASSETS

	1986	1985
Cash	$ 195,214	$ 156,602
Accounts receivable	32,776	57,336
Prepaid insurance	13,414	-
Land and buildings, at cost (Note 1)	1,877,161	1,877,161
	$ 2,118,565	$ 2,091,099

LIABILITIES

	1986	1985
Accounts payable and accrued liabilities	$ 167,162	$ 126,490

CAPITAL AND RETAINED EARNINGS

	1986	1985
Capitalized land and buildings	$ 1,877,161	1,877,161
Retained earnings, Exhibit B	74,242	87,448
	1,951,403	1,964,609
	$ 2,118,565	$ 2,091,099

Exhibit B

THE ALCOHOLISM FOUNDATION OF MANITOBA

Statement of Revenue and Expenditure
Year Ended March 31, 1986

	1986	1985
Revenue:		
Province of Manitoba operating grant	$ 9,342,700	$ 8,985,100
Other revenue	297,513	311,031
	9,640,213	9,296,131
Expenditure:		
Grants to other agencies	2,121,000	2,073,950
Salaries	4,986,186	4,612,733
Wages and other assistance	517,237	532,909
Advertising and exhibits	18,280	17,963
Audio-visual aids	37,341	52,066
Audit	3,980	3,413
Automobile	127,739	122,245
Board of Governors' honorarium	19,600	19,600
Books, newspapers and periodicals	15,536	15,718
Canada Pension Plan	69,245	61,271
Dental claims	33,788	26,190
Educational literature	44,043	55,979
Fees	77,188	107,185
Furnishings and equipment	35,572	106,033
Group life and accident insurance	22,371	19,569
Group long-term disability insurance	46,303	43,133
Health and post secondary education tax levy	81,935	77,506
Household requisites	60,910	54,644
Materials, repairs and maintenance	135,722	272,393
Medical services and supplies	81,877	32,122
Miscellaneous	16,572	13,921
Postage and telephone	129,745	119,634
Printing, stationery and office supplies	76,919	79,314
Property taxes	62,748	60,546
Rent and insurance	61,921	59,006
Research grants	5,000	26,010
Staff development	24,271	45,709
Subsistence	226,660	221,911
Superannuation	52,893	20,906
Training	32,905	39,926
Transportation of patients	14,678	12,741
Travel	130,760	114,730
Unemployment insurance	138,206	123,876
Utilities	144,288	135,837
	9,653,419	9,380,689
Excess of expenditure over revenue	13,206	84,558
Retained earnings, beginning of year	87,448	172,006
Retained earnings, end of year	$ 74,242	$ 87,448

Schedule 1

THE ALCOHOLISM FOUNDATION OF MANITOBA

Schedule of Cash Receipts and Disbursements
Year Ended March 31, 1986

	1986	1985
Cash receipts:		
Province of Manitoba operating grants	$ 9,342,700	$ 8,985,100
Other	322,110	314,299
	9,664,810	9,299,399
Cash disbursements, including grants to external agencies	9,626,198	9,391,929
Excess of receipts over (under) disbursements	38,612	(92,530)
Cash, beginning of year	156,602	249,132
Cash, end of year	$ 195,214	$ 156,602

THE ALCOHOLISM FOUNDATION OF MANITOBA

Notes to Financial Statements
Year Ended March 31, 1986

1. Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the exceptions that pension charges are reflected as incurred (explained in note 3), the costs of leasehold improvements, renovations, furniture, equipment and supplies are expensed in the year of purchase, and there has been no provision made in the accounts for depreciation of buildings, which were acquired with specific grant funds from the Province of Manitoba.

2. Lease Commitments

The Foundation leases buildings and vehicles under long-term operating leases which expire at various dates between 1987 and 1991. Some of these leases contain renewal options at rates to be negotiated. The following is a schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 1986.

1987	$ 40,533
1988	28,869
1989	7,666
1990	4,000
1991	3,333
	$ 84,401

3. Pension

Employees of The Alcoholism Foundation of Manitoba are pensionable under the Civil Service Superannuation Fund and make contributions at prescribed rates. The Foundation is required to pay 50% of the Fund's pension disbursements made to retired employees and these are charged to superannuation expenditures as incurred. No provision is made in the accounts to fund current or past service costs but the Superannuation Fund is subject to a triennial actuarial review. On the basis of an actuarial report, the unfunded liability for the Foundation's employees amounted to $2,321,200 as at December 31, 1985 ($1,919,200 as at December 31, 1984).

B. K. PELL
CHARTERED ACCOUNTANT
WINNIPEG, CANADA

The Board
The Alonsa Conservation District No. 3
Alonsa, Manitoba

I have examined the balance sheet of The Alonsa Conservation District No. 3 as at 31 December 1985 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the District as at 31 December 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountant

17 March 1986

THE ALONSA CONSERVATION DISTRICT NO. 3

BALANCE SHEET

AS AT 31 DECEMBER 1985

	1985	1984
Assets		
Current Assets	$	$
Bank and term deposits	48,925	40,011
Accounts receivable		
General		21
Conservation District Authority	1,265	758
	50,190	40,790
Fixed Assets		
Office equipment		
Cost less depreciation of $340 and $231	387	496
	50,577	41,286
Liabilities and Surplus		
Current liabilities		
Conservation District Authority	10,167	10,576
Emergency reserve account	5,000	5,000
Surplus	35,410	25,710
	50,577	41,286

THE ALONSA CONSERVATION DISTRICT NO. 3

STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED 31 DECEMBER 1985

	1985	1984
	$	$
Revenue		
Province of Manitoba allocated grant	125,365	118,236
Municipal grant	29,382	26,103
Forage seed recoveries	15,976	9,373
Bank Interest	2,852	2,027
Sundry	24	124
	173,599	155,863
Expenditure		
Projects		
Miscellaneous crossing repairs	28,530	12,280
Channel maintenance	5,010	1,784
Channel improvements	50,164	56,308
	83,704	70,372
Board, committee remuneration and expense	4,720	3,725
Other administration	7,870	7,992
Forage Seed	66,989	62,498
Resource extension and public education	616	1,155
	163,899	145,742
EXCESS OF REVENUE	9,700	10,121
Surplus		
Balance beginning of year	25,710	15,589
Balance end of year	35,410	25,710

THE ALONSA CONSERVATION DISTRICT NO. 3

STATEMENT OF PROVINCIAL CONTRIBUTIONS

YEAR ENDED 31 DECEMBER 1985

		% Shareable		Share	
	Amount	Province	District	Province	District
	$			$	$
Projects -	33,540	75	25	25,155	8,385
-	50,164	80	20	40,131	10,033
Board Administration	11,460	75	25	8,595	2,865
Other Administration -	779	100		779	
-	351		100		351
Forage seed	66,989	75	25	50,243	16,746
Resource extension etc.	616	75	25	462	154
	163,899			125,365	38,534

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1985

1) Except for payroll and incidental expenses the expenses of the District are paid from a bank of the Conservation District Authority, a Provincial Agency which pays accounts for four Districts in all.

2) Until March 1980, when the District hired its own secretary-treasurer and occupied a rent free office on the premises of the L.G.D. of Alonsa, the Government of the Province of Manitoba provided without charge all the District's administrative and technical staff requirements, office equipment and head office space. Subsequently the Government provides only the engineering and technical staff requirements without charge.

Manitoba

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibit A and B, of the Board of Administration under The Embalmers and Funeral Directors Act for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 1985 and the results of its operations for the year then ended, in accordance with the accounting policy described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

September 1, 1986,
Winnipeg, Manitoba.

Exhibit A

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Balance Sheet
as at December 31, 1985
(with 1984 figures for comparison)

	1985	1984
ASSETS		
Current assets:		
Cash on hand and in bank	$ 30,955	$ 23,191
Accounts receivable - licenses	–	1,725
- Province of Manitoba	267	605
- Other	–	900
	$ 31,222	$ 26,421
LIABILITIES		
Current liabilities:		
Accounts payable	$ 2,315	$ 1,400
	2,315	1,400
RETAINED EARNINGS		
Balance, beginning of year	25,021	20,471
Add: Revenue over expenditure for the year, Exhibit B	3,886	4,550
Balance, end of year	28,907	25,021
	$ 31,222	$ 26,421

Exhibit B

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Revenue and Expenditure
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Revenue:		
Licences:		
Funeral Homes	$ 5,300	$ 6,000
Funeral Directors	3,925	3,325
Embalmers	1,590	1,330
Agents	400	550
Permits	100	100
Articled student registration, courses and examination fees	7,200	6,950
Interest	1,555	1,309
Miscellaneous	50	-
	20,120	19,564
Expenditure:		
Accounting fees	95	360
Audit	1,175	1,175
Honoraria - board members	360	510
- acting registrar	1,000	1,000
Miscellaneous	695	486
Postage	311	311
Printing licenses	265	-
Travel - Board members	-	123
Courses and seminars - instruction, classrooms, texts	10,156	10,591
Board meetings	452	458
Bad debts written off	1,725	-
	16,234	15,014
Revenue over expenditure, Exhibit A	$ 3,886	$ 4,550

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements

1. Nature of the Board of Administration

The Embalmers and Funeral Directors Act established the Board of Administration. The Board licenses and regulates embalmers and funeral directors and prescribes the courses of training and instruction for articled students.

2. Accounting Policies

The Board of Administration uses the accrual basis of accounting, except for revenues and expenditures in the articled student programs which are recorded on a cash basis.

Manitoba

BRANDON UNIVERSITY

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A - H and Schedules 1 - 6, of Brandon University for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

December 15, 1986,
Winnipeg, Manitoba.

STATEMENTS

Brandon University
Comparative Balance Sheet
as at March 31, 1986 and March 31, 1985

Statement A

ASSETS

	1986	1985
Current:		
Cash and bank		
General Operating	$ 1,542,542	$ 89,732
Trust Fund	189,582	1,242,942
Investments		
Trust Fund (notes 1B & 3)	1,938,789	862,557
Accounts receivable (note 9)		
General	354,029	522,798
Special	283,262	323,837
Bookstore inventory, at cost	143,125	129,382
Prepaid expenses	85,101	146,352
	4,536,430	3,317,600
Fixed: Schedule 1 (notes 1D and 2)		
Land and buildings	32,859,211	27,660,646
Furnishings and equipment	14,049,453	13,476,768
Zone properties	299,248	298,681
Construction in progress	76,013	4,693,148
	47,283,925	46,129,243
	$51,820,355	$49,446,843

LIABILITIES & FUND BALANCES

	1986	1985
Current:		
Accounts payable and accrued liabilities	$ 1,877,455	$ 1,757,541
Deferred income	29,942	15,019
	1,907,397	1,772,560
Long-term:		
5 1/8% Mortgage, $41,608 principal and interest payable semi-annually July 1, 1986 - 2012	1,198,988	1,219,946
8 1/4% Mortgage, $66,686 principal and interest payable semi-annually April 1, 1986 - 2021	1,528,608	1,535,444
Promissory Note (note 7)	1,300,000	-
Pension Contract	88,000	-
Zone properties mortgages (notes 1E and 4)	23,905	28,496
	4,139,501	2,783,886
Fund Balances:		
General:		
Operating, Statement C	207,016	512,247
Research and Special Projects, Statement F (note 1G)	641,098	399,529
Capital Purpose, Statement G (note 1H)	(347,531)	(1,276,281)
	500,583	(364,505)
Trust:		
Scholarship and Endowment, Statement D	1,711,623	1,565,883
Brandon University Student Union, Statement E	449,949	440,335
	2,161,572	2,006,218
	2,662,155	1,641,713
Investment in Fixed Assets, Statement H	43,111,302	43,248,684
	$51,820,355	$49,446,843

Comparative Statement of General Fund Revenues and Other Additions and Expenditures and Other Deductions for the years ended March 31, 1986 and March 31, 1985

Statement B

	Operating Fund Account		Research and Special Projects Fund Account
	1986	1985	1986
REVENUES AND OTHER ADDITIONS:			
Student Fees	$ 2,142,696	$ 2,037,786	$ 31,367
Grants:			
Universities Grants Commission	10,878,206	10,601,200	
Government of the Province of Manitoba	930,919	1,356,538	3,151,000
Government of Canada	69,977	70,000	
Other			453,217
City of Brandon	167,234	157,585	
Sponsored or Assisted Research			638,273
Loan financing			
Scholarship and bursary donors			178,142
Ancillary Enterprises	2,821,105	2,927,659	216,587
Miscellaneous	349,667	285,599	449,253
Total Revenues and Other Additions Schedule 2	17,359,804	17,436,367	5,117,839
EXPENDITURES AND OTHER DEDUCTIONS:			
Academic - general	7,987,988	7,668,299	513,451
Academic - specifically funded			3,506,589
Library	1,024,695	1,012,488	
Student Services	888,581	765,577	178,142
Administration	1,008,781	665,000	
General support services and other general expenditures	1,240,288	1,710,401	461,501
Plant maintenance	2,495,564	2,362,815	
Ancillary Enterprises	3,017,981	2,851,553	216,587
Total Expenditures and Other Deductions Schedule 3	17,663,878	17,036,133	4,876,270
Net Revenues and Other Additions (Net Expenditures and Other Deductions) for the year	$ (304,074)	$ 400,234	$ 241,569

Research and Special Projects Fund Account	Capital Purpose Fund Account		Total March 31	Total March 31
1985	1986	1985	1986	1985
$ 27,063	$	$	$ 2,174,063	$ 2,064,849
		2,100,000	10,878,206	12,701,200
3,131,000		152,434	4,081,919	4,639,972
		65,432	69,977	135,432
348,901		180,000	453,217	528,901
			167,234	157,585
297,426			638,273	297,426
	1,300,000		1,300,000	
163,043			178,142	163,043
216,587			3,037,692	3,144,246
263,557			798,920	549,156
4,447,577	1,300,000	2,497,866	23,777,643	24,381,810
467,003	363,006	3,855,779	8,864,445	11,991,081
3,632,265			3,506,589	3,632,265
			1,024,695	1,012,488
163,043			1,066,723	928,620
			1,008,781	665,000
251,044			1,701,789	1,961,445
			2,495,564	2,362,815
216,587			3,234,568	3,068,140
4,729,942	363,006	3,855,779	22,903,154	25,621,854
$ (282,365)	$ 936,994	$ (1,357,913)	$ 874,489	$(1,240,044)

Comparative Statement of Operating Fund Account for the years ended March 31, 1986 and March 31, 1985

Statement C

	1986	1985
Balance at beginning of year	$ 512,247	$ 118,211
Add:		
(Net Expenditures and Other Deductions) Net Revenues and Other Additions for the year, Statement B	(304,074)	400,234
Adjustment of prior years' operations, net	(1,157)	(6,198)
Balance at end of year, Statement A	$ 207,016	$512,247

Comparative Statement of Scholarship and Endowment Trust Fund Account for the years ended March 31, 1986 and March 31, 1985

Statement D

	1986	1985
Balance at beginning of year	$ 1,565,883	$ 1,430,860
Add:		
Contributions during the year	272,215	165,534
Income from investments (note 1B)	142,273	190,501
	414,488	356,035
Deduct:		
Scholarships, bursaries and awards	178,142	163,043
Transfer to General Fund	74,544	44,545
Management fees and administrative expenses	9,903	10,626
Sundry expenses	6,159	2,798
	268,748	221,012
Balance at end of year, Statement A and Schedule 6	$ 1,711,623	$ 1,565,883

Comparative Statement of Brandon University
Student Union Trust Fund Account
for the years ended March 31, 1986 and March 31, 1985

Statement E

	1986	1985
Balance at beginning of year	$ 440,335	$ 374,030
Add:		
Contributions during the year	49,000	20,000
Income from Investments	36,627	46,305
	85,627	66,305
Deduct:		
Expenses, new building	76,013	-
Balance at end of year, Statement A	$ 449,949	$ 440,335

Statement of Research and Special Projects Fund Account for the year ended March 31, 1986

Statement F

	Balance March 31, 1985
Research	
Natural Sciences and Engineering Research Council	$ 17,009
Government of the Province of Manitoba	218
Government of Canada	45,975
Other	51,928
	115,130
Special Programs	
Brandon University Northern Teacher Education Program (B.U.N.T.E.P.)	107,415
Program for the Education of Native Teachers (P.E.N.T.)	68,931
Brandon University Indian Leadership Development Program (B.U.I.L.D.)	18,931
	195,277
Scholarships, bursaries and awards transferred to the Operating Fund	-
Fundraising Operations	-
Sundry Projects, net	32,413
Ancillary Enterprises	
Universities Grants Commission Mortgage Payment	-
Expenditure recoverable included in accounts receivable	56,709
Balance as at March 31, 1985 and 1986, Statement A	$ 399,529

Revenues and Other Additions	Expenditures and Other Deductions	Balance March 31, 1986
$ 215,747	$ 164,642	$ 68,114
92,846	80,057	13,007
278,650	200,972	123,653
51,030	67,780	35,178
638,273	513,451	239,952
3,151,000	3,088,886	169,529
399,044	411,197	56,778
-	6,506	12,425
3,550,044	3,506,589	238,732
178,142	178,142	-
85,540	23,340	62,200
464,522	438,161	58,774
216,587	216,587	-
(15,269)	-	41,440
$ 5,117,839	$ 4,876,270	$ 641,098

Comparative Statement of Capital Purpose Fund Account for the years ended March 31, 1986 and March 31, 1985

Statement G

	1986	1985
Balance (Deficit) at beginning of year	$(1,276,281)	$ 81,632
Add (Deduct):		
Net Revenue and Other Additions (Net Expenditures and other Deductions) for the Year, Statement B	936,994	(1,357,913)
Adjustment of prior years' operations, net	(8,244)	-
Deficit at end of year, Statement A	$ (347,531)	$(1,276,281)

Comparative Statement of Investment in Fixed Assets
for the years ended March 31, 1986 and March 31, 1985

Statement H

	1986	1985
Balance at beginning of year	$43,248,684	$37,678,067
Add:		
Charges to expenditure	763,232	1,143,516
Construction during the year	480,176	3,915,779
Appraisal adjustment (note 1D)	(80,790)	507,037
Net Income from Zone Properties	4,591	8,588
Less:		
Mortgage repayment	(4,591)	(4,303)
Loan financing used to reduce deficit in Capital Purpose Fund	(1,300,000)	-
	(137,382)	5,570,617
Balance at end of year, Statement A	$43,111,302	$43,248,684

Notes to Financial Statements for the year ended March 31, 1986

1. Significant Accounting Principles and Reporting Practices

A. Fund Accounting

The accounts of the University are maintained in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. For financial reporting purposes, accounts with similar characteristics or objectives have been combined to establish the General and Trust Funds.

B. Investment of Trust Funds

Trust funds available for investment are pooled. Investment income is distributed to each participating fund annually at March 31. Investments are recorded at cost or at fair market values at the date of acquisition or donation respectively. Gains or losses on sales of investments are recognized in the fiscal year of disposal.

C. Accounting Basis

The University accounts are maintained to provide a matching of Revenues and Other Additions and Expenditures and Other Deductions to the fiscal year in which the items were budgeted. As a consequence of this policy, the following modifications to the accrual basis of accounting have been adopted by the University:

a) Regular session student fees and ancillary enterprises income which pertain to a period after the University's fiscal year-end are not treated as deferred income but are recorded as revenues of that fiscal year.

b) The costs of sabbatical leaves are accounted for in the fiscal year in which the expenditures are made; other payroll costs have not been accrued from the last pay period in the fiscal year to March 31.

c) Accrued interest has not been taken into account on the University's trust investments or trust liabilities.

d) Consumable supplies are charged to operations in the fiscal year they are acquired. Except for the bookstore, the costs of the unused supplies as at March 31 are not included in inventory for financial statement presentation purposes.

e) Grants in lieu of taxes, which were paid on behalf of the University by the Department of Municipal Affairs, have been reflected in both income and expenditures in the financial statements.

D. Property Plant and Equipment

The value of the land ($542,750) is recorded as per the Municipal Tax Assessment values as of December 31, 1985.

Furnishings and equipment including library books are purchased with operating funds and charged to operations in the fiscal year of acquisition. These items along with buildings were appraised and depreciated replacement values as of July 31, 1985 are reported.

The impact of the increase or decrease is reflected as an adjustment to Investment in Fixed Assets.

Depreciation is not provided for on fixed assets.

E. Mortgage Principal Repayment

Repayments of mortgage principal are charged to operations, except for repayment of Zone Properties mortgages which are charged to Investment in Fixed Assets.

F. Operations

Ancillary enterprises provide goods and services not directly associated with the University's primary educative objective. These activities are expected to operate on a break-even basis, except for payments of principal and interest on long-term debt, which are funded from other sources. Ancillary enterprises are assessed all significant overhead costs associated with their operations.

G. Research and Special Projects Fund Account

From time to time, certain funds are received by the University for specific purposes. In the fiscal year that the funds are received, they are shown as income on the Statement of Income and Expenditures.

H. Capital Purpose Fund Account

Funds received by the University for Capital purposes are reported in the Fund Balances section of the Balance Sheet, until such time as they are applied to the expenditures for which they were received. The balance of $(347,531) in the Capital Purposes Fund Account represents costs incurred in excess of contributions received to March 31, 1986 in respect of the new Music Building. The funding is intended to be met by contributions from a Music Building fund raising campaign.

Notes to the Financial Statements for the year ended March 31, 1986

2. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Government of the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through campaigns.

The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. under a 99 year lease for a nominal consideration of $1 with the University being required to supply certain services to the Auditorium for which it is reimbursed.

3. Investments

Details regarding the Investments are as follows:

	Par Value	Book Value	Market Value
Bonds:			
Government of Canada	$ 565,000	$ 543,838	$ 614,181
Other	25,000	25,000	29,000
Short Term Investments	1,150,000	1,133,118	1,141,345
Stocks	23,091	236,833	267,988
	$1,763,091	$1,938,789	$2,052,514

4. Zone Properties

There are several mortgages outstanding as at March 31, 1986 having varying maturity dates. Under the terms of the various mortgages, monthly payments of $640 are required covering principal and interest.

5. Bookstore

An agreement between the University and the Brandon University Students' Union provides for the equal sharing of profits of the University's bookstore operations. Profits payable to the Students' Union amounted to $27,250 for the year ended March 31, 1986 (1985 - $30,145).

6. Pension Plans

Brandon University contributes to a trustee-administered pension plan for its employees. Both the University and the employees contribute to the pension plan on the basis of the employees' regular salary.

An actuarial valuation was completed as at January 1, 1984 to determine the plan's position and established a plan surplus of $1,231,686. The next actuarial valuation is to be made as at January 1, 1987.

There are also special pension contracts subject to conditions being fulfilled. The University amortizes the costs thereof by an annual charge to operations.

The accounts of the Brandon University Retirement Plan do not form part of the University's financial statements. The Plan's financial statements are audited and reported on by the Provincial Auditor.

7. Promissory Note

Under the terms of a promissory note dated March 24, 1986, the University is liable on demand to pay to the order of the Bank of Montreal the sum of $1,300,000 and to pay interest monthly for thirty days at the rate of 11.55% per annum.

The note is one of a succession of promissory notes which have secured the $1,300,000 financing obtained to fund a portion of the University's share of the cost of the New Music Building. As the financing is to be repaid from other than current assets, the promissory note is shown as a long term liability on the Balance Sheet.

8. Long-term Lease Purchase Agreement

Brandon University acquired a VAX 11/750 computer in December, 1982 from Digital Equipment of Canada Ltd., under a lease-purchase agreement. The terms of the agreement call for 5 equal annual payments of $39,960.25, starting April 1, 1983 and a 10% purchase option ($17,313) payable April 1, 1988.

9. Accounts Receivable

	1986	1985
Student receivables	$191,833	$371,062
Other receivables	252,566	239,343
	444,399	610,405
Allowance for doubtful accounts	90,370	87,607
	$354,029	$522,798

10. Computer Services

The costs of Computer Services provided to Brandon University by the University of Manitoba are charged to the Universities Grants Commission. These costs are not recorded in the accounts of Brandon University.

11. Wholly-owned Subsidiaries

In 1985-86 Brandon University established a wholly-owned subsidiary company, Brandon University Holding Company Limited. This company in turn established a wholly-owned subsidiary, WESTARC Group Incorporated.

Following is a brief summary of the transactions of these companies which are recorded in the accounts of Brandon University. Financial Statements for these companies have not yet been audited.

	1986
Receipts	$206,587
Expenditures	167,047
Net Receipts Included in Research and Special Projects Fund Balance	$ 39,540

12. Subsequent Events

The Statement of Claim for breach of contract by Brandon University has been settled. Provision regarding this settlement has been recorded in the accounts of the University in the Board of Governor's account which is included in Administrative Expenditures and relates to a settlement made June 23, 1986.

13. Restatement of Accounts

Comparative figures for the year ended March 31, 1985 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1986.

SCHEDULES

Schedule 1 Fixed Assets

	Total March 31 1986	Total March 31 1985
Buildings:		
Administration and Clark Hall	$ 1,546,424	$ 1,537,566
Arts and Library building	1,746,745	1,736,749
Centennial Auditorium (note 2)	3,239,501	3,220,962
Cowan Hall	1,413,758	1,405,668
Drama building	227,650	226,349
Education building	2,140,813	2,128,561
Gymnasium	817,337	812,659
McMaster Hall	3,421,143	3,401,564
Jeff Umphrey Centre for Mental Retardation	528,842	525,817
J.R. Brodie Science Centre	6,804,663	6,765,724
Darrach Hall and Dining Hall	2,501,141	2,486,828
Music buildings (old)	765,791	813,798
President's residence	134,095	133,327
Queen Elizabeth II Music building	5,097,311	-
Steam Plant	994,030	988,330
Temporary buildings	334,393	332,476
Utility services	386,508	385,920
Kinsmen Stadium	27,036	26,878
	32,127,181	26,929,176
Land and site development:		
Land	542,750	542,190
Site development	189,280	189,280
	732,030	731,470
Land and buildings	32,859,211	27,660,646
Furnishings and equipment	14,049,453	13,476,768
Zone properties	299,248	298,681
Construction in progress	76,013	4,693,148
Fixed Assets, Statement A	$ 47,283,925	$ 46,129,243

Schedule 2 General Fund Revenues and Other Additions

	Operating Fund Account	Research and Special Projects Fund Account
Student Fees:		
Regular Session	$ 1,582,280	$
Evening Session	158,532	
Summer Session	65,245	
Spring Session	67,008	
Music Conservatory	159,408	
Other	110,223	
Special Programs:		
Program for the Education of Native Teachers		31,367
	2,142,696	31,367
Grants:		
Universities Grants Commission:		
Operating	10,562,290	
Miscellaneous Capital	315,916	
Special		
	10,878,206	
Government of the Province of Manitoba:		
Grant in lieu of taxes	930,919	
Brandon University Northern Teacher Education Project		3,151,000
Telidon Project		
NEED Program, School of Music Building		
	930,919	3,151,000
Government of Canada:		
Department of Indian Affairs	69,977	
NEED Program, School of Music Building		
	69,977	
Revenues and Other Additions carried forward	$ 14,021,798	$ 3,182,367

Capital Purpose Fund Account	Total March 31 1986	Total March 31 1985
	$ 1,582,280	$ 1,598,301
	158,532	111,135
	65,245	63,834
	67,008	55,008
	159,408	118,589
	110,223	90,919
	31,367	27,063
	2,174,063	2,064,849
	10,562,290	10,285,284
	315,916	315,916
	-	2,100,000
	10,878,206	12,701,200
	930,919	899,538
	3,151,000	3,131,000
	-	457,000
	-	152,434
	4,081,919	4,639,972
	69,977	70,000
	-	65,432
	69,977	135,432
	$17,204,165	$19,541,453

Schedule 2 General Fund Revenues and Other Additions

	Operating Fund Account	Research and Special Projects Fund Account
Brought forward	$ 14,021,798	$ 3,182,367
Grants, continued:		
Other:		
Program for the Education of Native Teachers		367,677
Brandon University Foundation		85,540
		453,217
City of Brandon	167,234	
Sponsored or assisted research:		
National Sciences and Engineering Research Council		215,747
Government of the Province of Manitoba		92,846
Government of Canada		278,650
Other		51,030
		638,273
Total Grants	12,046,336	4,242,490
Loan Financing		
Scholarship and Bursary donors		178,142
Ancillary Enterprises		
Bookstore	709,161	
Food Services	1,390,379	
Residence - Operating	721,565	
- Mortgage Grant		216,587
	2,821,105	216,587
Miscellaneous:		
Rentals	18,895	
Sundry	196,874	
Sundry projects		449,253
Interest income	133,898	
	349,667	449,253
Total Revenues and Other Additions, Statement B	$ 17,359,804	$ 5,117,839

Capital Purpose Fund Account	Total March 31 1986	Total March 31 1985
$ -	$17,204,165	$19,541,453
	367,677	348,901
	85,540	180,000
	453,217	528,901
	167,234	157,585
	215,747	103,259
	92,846	45,562
	278,650	96,450
	51,030	52,155
	638,273	297,426
	16,288,826	18,460,516
1,300,000	1,300,000	-
	178,142	163,043
	709,161	728,865
	1,390,379	1,468,338
	721,565	730,456
	216,587	216,587
	3,037,692	3,144,246
	18,895	19,808
	196,874	151,461
	449,253	263,557
	133,898	114,330
	798,920	549,156
$ 1,300,000	$23,777,643	$24,381,810

Schedule 3 General Fund Expenditures and Other Deductions by Type

	Operating Fund Account	Research and Special Projects Fund Account
Academic - General:		
Salaries and staff benefits	$ 7,038,811	$
Music Conservatory commissions	146,761	
Travel and moving	180,844	
Sponsored or assisted research		513,451
Non-credit programs	58,097	
Other expenses and supplies	333,115	
Community Resource Centre	22,928	
Miscellaneous Capital	207,432	
School of Music Building		
	7,987,988	513,451
Academic - Specifically Funded:		
Program for the Education of Native Teachers		411,197
Brandon University Northern Teacher Education Project		3,088,886
Brandon University Indian Leadership Development		6,506
		3,506,589
Library:		
Salaries and staff benefits	$ 695,893	
Books and periodicals	253,996	
Travel and moving	9,034	
Other expenses and supplies	39,240	
Miscellaneous capital	26,532	
	1,024,695	
Student Services:		
Salaries and staff benefits	659,151	
Travel and moving	28,958	
Other expenses and supplies	44,281	
Scholarships, bursaries and awards		178,142
Athletic programs	128,322	
Miscellaneous capital	27,869	
	888,581	178,142
Carried forward	$ 9,901,264	$ 4,198,182

Capital Purpose Fund Account	Total March 31 1986	Total March 31 1985
$	$ 7,038,811	$ 6,852,911
	146,761	111,042
	180,844	194,066
	513,451	467,003
	58,097	34,775
	333,115	301,702
	22,928	(14,033)
	207,432	187,836
363,006	363,006	3,855,779
363,006	8,864,445	11,991,081
	411,197	370,662
	3,088,886	3,210,014
	6,506	51,589
	3,506,589	3,632,265
	695,893	705,371
	253,996	221,307
	9,034	7,162
	39,240	60,074
	26,532	18,574
	1,024,695	1,012,488
	659,151	603,638
	28,958	24,553
	44,281	38,736
	178,142	163,043
	128,322	92,667
	27,869	5,983
	1,066,723	928,620
$ 363,006	$14,462,452	$17,564,454

Schedule 3 General Fund Expenditures and Other Deductions by Type

	Operating Fund Account	Research and Special Project Fund Account
Brought Forward	9,901,264	4,198,182
Administration:		
Salaries and staff benefits	854,440	
Travel and moving	27,558	
Other expenses and supplies	111,091	
Miscellaneous capital	15,692	
	1,008,781	
General Support Services and Other General Expenditures:		
Salaries and staff benefits	817,653	
Convocation	19,131	
Sundry projects		438,161
Fundraising		23,340
Telephone and telegraph	47,934	
Postage	1,147	
Institutional membership fees	11,491	
Legal and audit	63,360	
Other expenses and supplies (net of recoveries)	225,553	
Miscellaneous capital	54,019	
	1,240,288	461,501
Plant Maintenance:		
Salaries and staff benefits	788,869	
Taxes and insurance	975,676	
Security and contract charges	67,276	
Other expenses and supplies	219,342	
Utilities	207,905	
Miscellanous capital	124,202	
	2,383,270	
Steam Plant:		
Salaries and staff benefits	165,493	
Other expenses and supplies	12,222	
Utilities	298,463	
	476,178	
Maintenance allocations or recoveries	(363,884)	
Total Plant Maintenance	2,495,564	
Carried forward	$ 14,645,897	$ 4,659,683

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Capital Purpose Fund Account	Total March 31 1986	Total March 31 1985
$ 363,006	$14,462,452	$17,564,454
	854,440	543,743
	27,558	22,627
	111,091	78,104
	15,692	20,526
	1,008,781	665,000
	817,653	844,608
	19,131	16,274
	438,161	251,044
	23,340	-
	47,934	35,007
	1,147	310
	11,491	8,335
	63,360	32,663
	225,553	293,826
	54,019	479,378
	1,701,789	1,961,445
	788,869	734,442
	975,676	945,420
	67,276	61,909
	219,342	189,230
	207,905	286,001
	124,202	75,412
	2,383,270	2,292,414
	165,493	167,733
	12,222	12,376
	298,463	311,489
	476,178	491,598
	(363,884)	(421,197)
	2,495,564	2,362,815
$ 363,006	$19,668,586	$22,553,714

Schedule 3 General Fund Expenditures and Other Deductions by Type

	Operating Fund Account	Research and Special Projects Fund Account
Brought forward	$ 14,645,897	$ 4,659,683
Ancillary Enterprises:		
Bookstore:		
Salaries and staff benefits	77,117	
Goods for resale	553,473	
Other expenses and supplies	23,773	
Students' Union share of net income (note 5)	27,250	
	681,613	
Food Services:		
Salaries, staff benefits, administration and management fee	501,431	
Food	514,462	
Other expenses and supplies	320,413	
Utilities allocation	56,036	
	1,392,342	
Residence:		
Salaries and staff benefits	359,660	
Other expenses and supplies	394,312	
Utilities allocation	190,054	
Mortgage payments		216,587
Room bursaries		
	944,026	216,587
Total Ancillary Enterprises	3,017,981	216,587
Total Expenditures and Other Deductions, Statement B	$ 17,663,878	$ 4,876,270

Capital Purpose Fund Account	Total March 31 1986	Total March 31 1985
$ 363,006	$19,668,586	$22,553,714
	77,117	77,231
	553,473	561,347
	23,773	30,006
	27,250	30,145
	681,613	698,729
	501,431	602,861
	514,462	492,389
	320,413	202,085
	56,036	57,701
	1,392,342	1,355,036
	359,660	352,237
	394,312	276,022
	190,054	169,529
	216,587	216,587
	-	-
	1,160,613	1,014,375
	3,234,568	3,068,140
$ 363,006	$22,903,154	$25,621,854

Schedule 4 General Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health Education Tax
Academic General:				
Arts	$ 1,789,697	$ 74,049	$ 153,246	$ 27,956
Science	1,900,933	149,339	166,643	30,754
Education	1,133,439	130,205	100,730	18,955
Music	828,409	69,333	67,478	13,466
Continuing Education	206,719	110,669	12,699	4,761
Media & Film Services		44,265	4,402	664
Senate				
Music Conservatory	138,294		6,393	2,074
Non-Credit Programs				
Assisted Research				
Community Resource Centre				
Construction, Music Building				
	5,997,491	577,860	511,591	98,630
Special Programs:				
BUNTEP	336,414	608,481	64,356	13,829
PENT	204,840	63,829	22,169	4,030
BUILD				
	541,254	672,310	86,525	17,859
Library:		631,489	54,932	9,472
Books and Periodicals				
		631,489	54,932	9,472
Student Services:	389,347	115,382	42,841	7,571
Scholarships				
Athletic Programs	70,831	25,200	6,539	1,440
	460,178	140,582	49,380	9,011
Administration:				
President		202,770	23,949	3,107
Vice-President		343,203	31,573	5,148
Board of Governors		244,350	275	65
		790,323	55,797	8,320
Carried Forward	$ 6,998,923	$2,812,564	$ 758,225	$143,292

Travel	Supplies and Other Expenses	Miscellaneous Capital	Recoveries	Total March 31 1986	Total March 31 1985
$ 53,284	$ 58,589	$ 28,955	$	$ 2,185,776	$ 2,072,316
45,917	126,078	92,981		2,512,645	2,458,668
33,545	39,654	21,753		1,478,281	1,486,210
41,732	76,900	59,119		1,156,437	1,054,578
6,365	19,362	4,624		365,199	405,019
	6,861		(2,471)	53,721	57,030
	7,925			7,925	2,694
	218			146,979	111,042
	58,097			58,097	34,775
	513,451			513,451	467,003
	22,928			22,928	(14,033)
		493,609	(130,603)	363,006	3,855,779
180,843	930,063	701,041	(133,074)	8,864,445	11,991,081
175,463	1,815,711	79,708	(5,076)	3,088,886	3,210,014
36,922	79,407			411,197	370,662
1,643	4,863			6,506	51,589
214,028	1,899,981	79,708	(5,076)	3,506,589	3,632,265
9,034	76,896	26,532	(37,656)	770,699	791,181
	253,996			253,996	221,307
9,034	330,892	26,532	(37,656)	1,024,695	1,012,488
28,958	44,281	5,911		634,291	630,156
	178,142			178,142	163,043
	171,834	21,958	(43,512)	254,290	135,421
28,958	394,257	27,869	(43,512)	1,066,723	928,620
16,184	57,013	7,204		310,227	245,009
8,178	47,526	8,488		444,116	399,814
3,196	6,552			254,438	20,177
27,558	111,091	15,692		1,008,781	665,000
$ 460,421	$ 3,666,284	$ 850,842	$ (219,318)	$15,471,233	$18,229,454

Schedule 4 General Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health & Education Tax
Brought Forward	$ 6,998,923	$2,812,564	$ 758,225	$143,292
General Support:				
Alumni		51,220	4,560	768
Director of Development				
Print Shop		74,308	6,248	1,115
Computer Services		228,920	22,183	3,434
Purchasing		31,875	2,551	478
Information Services		49,910	3,381	749
Mail Room & Supply Office		35,722	3,552	536
Registrar		184,852	19,449	2,773
Personnel		48,372	2,995	726
Telephone Office		34,504	1,954	518
Consulting Fees				
Presidential Search				
Royal Visit				
Fundraising				
Convocation				
Sundry Projects				
Telephone & Telegraph				
Postage				
Institutional Membership Fees				
Legal and Audit				
Bad Debt Expense				
		739,683	66,873	11,097
Plant Maintenance:		678,764	99,924	10,181
Taxes				
Insurance				
Security				
Service Contracts				
Utilities				
		678,764	99,924	10,181
Steam Plant		151,668	11,550	2,275
Utilities				
		151,668	11,550	2,275
Carried Forward	$ 6,998,923	$4,382,679	$ 936,572	$166,845

Travel	Supplies & Other Expenses	Miscellaneous Capital	Recoveries	Total March 31 1986	Total March 31 1985
$ 460,421	$ 3,666,284	$ 850,842	$ (219,318)	$15,471,233	$18,229,454
2,969	34,970	262	(8,200)	86,549	95,590
					7,236
262	104,516	3,993	(185,019)	5,423	44,574
4,071	157,019	41,266	(32,972)	423,921	867,254
65	2,158			37,127	36,979
236	30,682	1,860		86,818	90,657
	43,307		(43,135)	39,982	54,915
467	45,664	4,345		257,550	264,759
693	7,967	2,293		63,046	66,898
	2			36,978	32,460
					20,000
	35,393			35,393	6,958
					6,723
	23,340			23,340	-
	19,131			19,131	16,274
	438,161			438,161	251,044
	186,067		(138,133)	47,934	35,007
	99,027		(97,880)	1,147	310
	11,491			11,491	8,335
	63,360			63,360	32,663
	24,438			24,438	22,809
8,763	1,326,693	54,019	(505,339)	1,701,789	1,961,445
733	218,609	124,202	(149,944)	982,469	849,861
	937,556			937,556	905,920
	38,120			38,120	39,500
	53,195			53,195	49,547
	14,081			14,081	12,362
	207,905		(213,940)	(6,035)	14,027
733	1,469,466	124,202	(363,884)	2,019,386	1,871,217
	12,222			177,715	180,109
	298,463			298,463	311,489
	310,685			476,178	491,598
$ 469,917	$ 6,773,128	$ 1,029,063	$(1,088,541)	$19,668,586	$22,553,714

Schedule 4 General Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health & Education Tax
Brought Forward	$ 6,998,923	$4,382,679	$ 936,572	$166,845
Ancillary Enterprises:				
Bookstore		70,004	6,063	1,050
Cost of Sales				
Food Services		472,149	22,200	7,082
Food				
Utilities				
Residences		329,236	25,485	4,939
Utilities				
Mortgage				
Parking				
		871,389	53,748	13,071
Total Expenditures and Other Deductions, Statement B	$ 6,998,923	$5,254,068	$ 990,320	$179,916

ANNUAL FINANCIAL STATEMENT

Travel	Supplies & Other Expenses	Miscellaneous Capital	Recoveries	Total March 31 1986	Total March 31 1985
$ 469,917	$ 6,773,128	$ 1,029,063	$(1,088,541)	$19,668,586	$22,553,714
1,104	48,319	1,600		128,140	137,382
	553,473			553,473	561,347
1,916	281,829	36,668		821,844	804,946
	514,462			514,462	492,389
	56,036			56,036	57,701
836	234,233	18,901		613,630	628,259
	190,054			190,054	169,529
	216,587			216,587	216,587
	9,619	134,823	(4,100)	140,342	-
3,856	2,104,612	191,992	(4,100)	3,234,568	3,068,140
$ 473,773	$ 8,877,740	$ 1,221,055	$(1,092,641)	$22,903,154	$25,621,854

Schedule 5 Comparative Schedule of Revenues and Other Additions and Expenditures and Other Deductions, Ancillary Enterprises for the years ended March 31, 1986 and March 31, 1985

	Bookstore	Food Services
Revenues and Other Additions:		
Room and Board fees	$	$ 958,132
Conventions		61,328
Canteen and Vending Machines		280,128
Internal functions		42,846
Other	138,069	47,945
Book Sales	571,092	
Grant from Universities Grants Commission		
Total Revenues and Other Additions, Statement B	709,161	1,390,379
Expenditures and Other Deductions:		
Salaries	70,004	472,149
Staff benefits	7,113	29,282
Cost of goods sold	553,473	514,462
Management fee		119,450
Supplies and other expenses	22,173	164,295
Mortgage payments		
Utilities		56,036
Students' Union share of Bookstore profit	27,250	
Equipment, alterations and other	1,600	36,668
Total Expenditures and Other Deductions, Statement B	681,613	1,392,342
Net Revenues and Other Additions (Net Expenditures and Other Deductions)	$ 27,548	$ (1,963)

Residence	Total 1986	Total 1985
$ 664,918	$ 1,623,050	$ 1,630,554
13,286	74,614	188,630
6,872	287,000	258,116
	42,846	31,421
36,489	222,503	90,073
	571,092	728,865
216,587	216,587	216,587
938,152	3,037,692	3,144,246
329,236	871,389	862,417
30,424	66,819	81,878
	1,067,935	1,053,736
	119,450	88,034
240,588	427,056	454,152
216,587	216,587	216,587
190,054	246,090	227,230
	27,250	30,145
153,724	191,992	53,961
1,160,613	3,234,568	3,068,140
$ (222,461)	$ (196,876)	$ 76,106

Schedule 6 Scholarship and Endowment Trust Fund Account

RESTRICTED FUNDS:	Capital	Current	Total
Alumni BUSU Sign Fund	$ 235	$ 12	$ 247
Alumni Equipment Fund	189	97	286
Alumni Library Fund	280	13	293
Annual Donor Scholarship Fund	-	14,061	14,061
Art Exhibition Fund	785	665	1,450
Bain, Lillian Memorial Scholarship Fund	2,320	1,001	3,321
Bilous, Procop and Dora Memorial Fund	1,100	462	1,562
Brandon Sun Centennial Chair in Journalism	10,000	(2,086)	7,914
Brandon University Athletic Awards Fund	-	16,058	16,058
Brandon University Development Fund	3,555	2,802	6,357
Bremner, Elizabeth Ann Award	2,282	155	2,437
Brown, Ian & Shirley Fund	1,277	947	2,224
Cameron, Una B. Memorial Fund	10,000	7,141	17,141
Campus Concert Series Fund	2,455	533	2,988
Chaudhari, Dr. D.K. Memorial Bursary Fund	5,142	1,056	6,198
Chevron Standard Ltd. Award	-	3,599	3,599
Christie, E.L. Memorial Fund	15,000	18,332	33,332
Clark, A. Memorial Book Prize	220	495	715
Corrigan Library Fund for Native Literature	497	691	1,188
Crescam Serviendo Award	675	55	730
Cumming, William Purdon Memorial Fund	5,000	4,331	9,331
Demchuk, Dr. N. Memorial Scholarship Fund	15,500	2,163	17,663
Dinsdale, W. Memorial Lecture Series	235	71	306
Dobson, Peter Memorial Scholarship Fund	600	18	618
Douglas, Isabelle Estate	5,000	5,988	10,988
Evans, J.R.C. Masonic Memorial Fund	2,415	1,511	3,926
Evans, J.R.C. Loan Fund	64,000	5,665	69,665
Fraser, Merle (Lund) Memorial Bursary Fund	2,025	115	2,140
Hannah, R. H. Scholarship Fund	1,250	116	1,366
Hargreaves-Mawdsley, N. Memorial Fund	1,695	664	2,359
Harvey, Ian J. Memorial Scholarship Fund	2,469	88	2,557
Hendzel, Gus Memorial Fund	2,200	618	2,818
Hill, Helen Memorial Scholarship Fund	5,100	345	5,445
Inch, Elizabeth and R.B. United Nations Fund	5,000	1,449	6,449
James of Goodlands Bursary Fund	3,000	1,038	4,038
Kidd, A. Vincent Memorial Scholarship Fund	6,265	5,553	11,818
Kyte, Delia Memorial Scholarship Fund	1,000	-	1,000
Lang, R. J. Memorial Fund	5,000	4,786	9,786
Library Development Fund	1,921	350	2,271
Lightbody, Dr. C.W. Memorial Fund	2,735	4,899	7,634
Lobodowsky, Dr. V.L. Scholarship Fund	5,000	104	5,104
Lussier, Napoleon Memorial Fund	1,260	581	1,841
MacIntyre, Alexander Prize in Education	2,500	5,438	7,938
MacNeill, Dr. G. Estate	6,728	3,496	10,224
Mann, Jean Memorial Fund	2,000	1,755	3,755
McCarthy, R.J. Memorial Scholarship Fund	812	1,032	1,844
McGinn, J.A. Fellowship	1,500	650	2,150
McGregor, W. Memorial Fund	2,400	1,391	3,791
McKenzie, A.E. Foundation	289,878	-	289,878
McLeod, Dr. J.A. Scholarship Fund	1,310	715	2,025
McMillan, Neil Scholarship Fund	4,600	3,493	8,093
Orchard Memorial Fund	3,500	4,609	8,109
Carried Forward	509,910	129,121	639,031

RESTRICTED FUNDS	Capital	Current	Total
Brought Forward	$509,910	$129,121	$639,031
Patmore, R. H. Memorial Fund	10,000	3,535	13,535
Penton, Terry Scholarship Fund	15,880	437	16,317
Perdue, Dr. H.S. Memorial Scholarship Fund	2,045	346	2,391
Popper, Karl Scholarship in Philosophy	2,300	(69)	2,231
Riley, Christopher Estate	34,510	30,116	64,626
Robbins, John and Catherine Scholarship Fund	36,006	11,246	47,252
Rowe, G. R. Memorial Fund	10,000	21,834	31,834
School of Music Building Fund	-	57,490	57,490
Sharpe, Peggy Piano Scholarship Fund	4,595	72	4,667
Simmons, R. Murray Memorial Fund	6,262	2,510	8,772
Smart, John Gregson Memorial Fund	12,500	1,395	13,895
Stewart, Dr. D. B. Scholarship Fund	1,250	116	1,366
Stott-McMillan, M. Scholarship Fund	4,000	1,264	5,264
Students Benevolent Fund	2,553	536	3,089
SUSA Trust Fund	-	24,545	24,545
Taylor, B.H. Memorial Bursary Fund	2,400	105	2,505
Vasey, Jane Memorial Fund	9,956	1,376	11,332
Vining, Abbie and Arthur Memorial Fund	20,000	34,074	54,074
Whiteside, E. A. Fund	2,300	7,569	9,869
Whyte, Alex Memorial Fund	7,477	4,241	11,718
Wong, W. G. Scholarship Fund	2,053	182	2,235
Wright, Don Scholarships in Music	14,000	582	14,582
Wright, W.L. and A.E. Memorial Fund	2,010	1,347	3,357
Zonta Club Scholarship	5,000	672	5,672
	717,007	334,642	1,051,649
UNRESTRICTED FUNDS:			
Alumni - General Fund	75	15	90
Bass, W.K. Estate Bequest	5,000	-	5,000
Brandon University Association Fund	5,934	-	5,934
Brandon University Development Fund	5,307	-	5,307
Clark, Carrie B. Estate	4,022	2,806	6,828
Class of 1930 Gift	2,495	-	2,495
Class of 1931 Gift	1,475	-	1,475
Class of 1934 Gift	600	-	600
Diefenbaker, John G. Estate	1,100	553	1,653
Dulmage, Dr. A. L. Fund	4,290	941	5,231
Fenwick, Thomas F. Estate	7,140	-	7,140
Fraser, Blair Memorial Fund	500	352	852
Gainer, Pearl Edith Estate	14,990	-	14,990
Robinovitch, Gerald and Florianne Memorial Fund	100	(100)	-
Sanders, C. J. Estate	596,457	(12,731)	583,726
Whitfield-Clark, Dr. C. Memorial Fund	11,510	6,643	18,153
Woodhull, Lillian K. Estate	500	-	500
	661,495	(1,521)	659,974
Balance at end of year, Statement D	$ 1,378,502	$ 333,121	$ 1,711,623

Manitoba

BRANDON UNIVERSITY RETIREMENT PLAN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits 1, 2 and 3, of the Brandon University Retirement Plan for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Plan as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

August 29, 1986,
Winnipeg, Manitoba.

Exhibit 1

BRANDON UNIVERSITY RETIREMENT PLAN

Balance Sheet
as at December 31, 1985
(with 1984 figures for comparison)

ASSETS

	1985	1984
Accounts Receivable	$ 109,156	$ 96,613
Held by The Great-West Life Assurance Company		
Deposit Fund	331,046	435,644
Mortgage Fund	3,293,777	3,255,684
Bond Fund	2,436,723	2,316,926
Canadian Equity Index Fund	4,256,048	4,290,681
Real Estate Fund	1,217,363	1,251,318
Money Market Fund	1,236,651	294,231
U.S. Equity Fund	1,389,299	1,168,867
Transaction Account	50,623	(113,150)
	14,211,530	12,900,201
TOTAL ASSETS	$ 14,320,686	$ 12,996,814

LIABILITIES

Accounts Payable	$ 3,875	$ -
Reserve for Present and Future Pension Benefits, Exhibit 2	14,316,811	12,996,814
TOTAL LIABILITIES	$ 14,320,686	$ 12,996,814

Exhibit 2

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in the Reserve for Present and Future Pension Benefits for the year ended December 31, 1985 (with 1984 figures for comparison)

	1985	1984
Additions:		
Contributions:		
Members, regular	$ 563,693	$ 491,752
Members, voluntary	14,280	-
University, regular	505,547	543,411
	1,083,520	1,035,163
Experience refund, prior plan	-	11,759
Investment income, Exhibit 3	2,591,900	1,040,241
Total Additions	3,675,420	2,087,163
Deductions:		
Benefits:		
Retirements	160,029	233,307
Refunds	83,365	88,097
Deaths	17,778	11,380
	261,172	332,784
Special payments (Note 2(d))	2,005,682	-
Administration Expenses:		
Agency fees	81,588	71,977
Audit fees	3,875	4,100
Trustee expenses	3,106	4,983
	88,569	81,060
Total Deductions	2,355,423	413,844
Net increase for the year	1,319,997	1,673,319
Balance at beginning of year	12,996,814	11,323,495
Balance at end of year, Exhibit 1	$ 14,316,811	$ 12,996,814

Exhibit 3

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Investment Income
for the year ended December 31, 1985
(with 1984 figures for comparison)

	Interest and Dividends	Adjustments to Market Values	Total	
			1985	1984
Investment Income, (Note 1(b))				
Deposit Fund	$ 29,455	$ -	$ 29,455	$ 38,483
Mortgage Fund	374,798	118,295	493,093	411,341
Bond Fund	260,748	194,049	454,797	304,793
Canadian Equity Index Fund	-	1,015,366	1,015,366	(43,024)
Real Estate Fund	-	136,045	136,045	153,160
Money Market Fund	52,421	-	52,421	55,187
U.S. Equity Fund	-	410,431	410,431	113,818
Transaction Account	292	-	292	6,483
Investment Income, Exhibit 2	$ 717,714	$ 1,874,186	$ 2,591,900	$ 1,040,241

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
December 31, 1985

1. ACCOUNTING POLICIES:

(a) The Brandon University Retirement Plan follows the accrual basis of accounting.

(b) Investments are stated at market value as at each fiscal year end. The market value of the investments is supplied by The Great-West Life Assurance Company. The increase or decrease in value of the investments is reflected in the income for the fiscal year.

2. GENERAL COMMENTS:

(a) The Brandon University Retirement Plan is a Trusteed Plan established April 1, 1974. The assets of the Plan are held in the name of the Trustees of Brandon University. There are nine Trustees and an Investment Committee of three members. The Great-West Life Assurance Company administers the Plan under the terms of an agreement entered into with the Trustees dated January 1, 1979.

(b) The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis. An actuarial valuation to determine the Plan's position as required by The Pension Benefits Act of Manitoba was completed as at January 1, 1984. This valuation established a Plan surplus of $1,231,686 as at that date. The next actuarial valuation is required as at January 1, 1987.

(c) Amendments to the Plan were approved effective April 1, 1985 and provide that:

i) The amount of pension payable on retirement will be based on the average annual earnings for the best five years of pensionable earnings out of the last twelve years prior to retirement. Previously the amount was based on the best seven years.

ii) The amounts of pension payable, to Plan members who were receiving annuity payments on August 1, 1985, were increased as at April 1, 1985 by three percent for each complete year of retirement.

(d) The Plan made special payments in the total amount of $2,005,682 to The Great-West Life Assurance Company to purchase annuities effective August 1, 1985 in respect of Plan members whose pension benefits were being paid by the Plan as at that date. The special payments included commission expenses of $24,000.

(e) Brandon University provides the services of support staff and other miscellaneous administrative services at no charge to the Plan.

Manitoba

CHANNEL AREA LOGGERS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Channel Area Loggers Ltd. as at March 31, 1986 and the statement of revenues and expenditures, the statement of changes in financial position and the schedules of operating expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of calculating depreciation as described in note 4 to the financial statements, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

October 17, 1986,
Winnipeg, Manitoba.

Exhibit A

CHANNEL AREA LOGGERS LTD.

(Incorporated Under The Corporations Act, Manitoba)

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
CURRENT ASSETS:		
Accounts receivable (Note 2)	$ 200,745	$ 258,831
Subsidy receivable from the Government of the Province of Manitoba	253,541	235,640
Inventories (Note 3)	115,716	148,263
Prepaid expenses	-	708
Total current assets	570,002	643,442
FIXED ASSETS (Note 4)	462,188	437,937
Less accumulated depreciation	232,067	199,842
Net fixed assets	230,121	238,095
GUARANTEE DEPOSIT WITH THE GOVERNMENT OF THE PROVINCE OF MANITOBA	900	900
TOTAL	$ 801,023	$ 882,437

LIABILITIES AND SHAREHOLDERS' EQUITY

	1986	1985
CURRENT LIABILITIES:		
Excess of outstanding cheques over bank balances	$ 155,613	$ 3,723
Bank demand loan (Note 5)	176,000	372,000
Accounts payable (Note 6)	133,185	206,624
Advances from the Government of Canada (Note 7)	36,135	-
Total current liabilities	500,933	582,347
SHAREHOLDERS' EQUITY:		
Capital stock (Note 8):		
Authorized: 35,000 common shares, maximum consideration not to exceed $350,000		
Issued: 30,009 shares	300,090	300,090
TOTAL	$ 801,023	$ 882,437

Exhibit B

CHANNEL AREA LOGGERS LTD.

Statement of Revenues and Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
REVENUES:		
Pulpwood sales	$ 1,043,281	$ 1,044,769
Commissary sales	181,139	185,417
Board charges	26,060	17,110
Miscellaneous	17,314	13,047
Reforestation program (Note 10)	56,000	-
Total revenues	1,323,794	1,260,343
EXPENDITURES:		
Direct logging costs (Schedule 1)	902,594	1,106,794
General and administrative (Schedule 2)	264,366	247,780
Commissary	147,521	174,062
Reforestation program (Note 10)	37,122	-
Total expenditures	1,351,603	1,528,636
	(27,809)	(268,293)
OTHER INCOME:		
Gain on disposal of fixed assets	9,908	3,194
Excess (deficiency) of revenues over expenditures before prior period adjustments and operating assistance from the Government of the Province of Manitoba	(17,901)	(265,099)
Prior period adjustments	-	(15,413)
Excess (deficiency) of revenues over expenditures before operating assistance from the Government of the Province of Manitoba	(17,901)	(280,512)
Operating Assistance from the Government of the Province of Manitoba - General subsidy	17,901	235,635
- Specific subsidy	-	44,877
	17,901	280,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ -

Exhibit C

CHANNEL AREA LOGGERS LTD.

Statement of Changes in Financial Position
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
SOURCE OF FUNDS:		
Charges to operations not involving an outlay of funds:		
Depreciation	$ 50,339	$ 32,350
Deferred expenditures, net	-	1,281
Gain on disposal of fixed assets	(9,908)	(3,194)
	40,431	30,437
Proceeds from disposal of fixed assets	12,100	4,500
	52,531	34,937
USE OF FUNDS:		
Purchase of fixed assets, net	44,557	88,619
Increase (Decrease) in working capital for the year	7,974	(53,682)
Working capital at beginning of the year	61,095	114,777
Working capital at end of the year	$ 69,069	$ 61,095
Represented by:		
Current assets	$ 570,002	$ 643,442
Current liabilities	500,933	582,347
	$ 69,069	$ 61,095

Schedule 1

CHANNEL AREA LOGGERS LTD.

Schedule of Direct Logging Costs
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
INVENTORY AT BEGINNING OF THE YEAR	$ 16,793	$ 128,956
PRODUCTION EXPENSES:		
Contract wood purchases	360,968	282,633
Cutters wages and fringe benefits	144,776	159,222
Depreciation	17,050	11,620
Transportation:		
Contract hauling to landing	202,362	206,126
Forwarding to roadside	72	2,765
Freight and fuel movement	10,778	18,979
Personnel transport	11,129	20,163
Road construction and maintenance, net	73,750	104,793
Timber dues	41,454	33,583
Supervision	8,257	34,350
Repairs and maintenance	29,837	45,644
Insurance	-	3,168
Other	-	4,651
Kitchen and dormitory	14,495	28,058
Timber inventory survey	-	38,876
Total production expenses	914,928	994,631
INVENTORY AT END OF THE YEAR	29,127	16,793
DIRECT LOGGING COSTS, EXHIBIT B	$ 902,594	$ 1,106,794

Schedule 2

CHANNEL AREA LOGGERS LTD.

Schedule of General and Administrative Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Salaries, wages and fringe benefits	$ 92,997	$ 97,886
Interest and service charges	40,436	37,787
Travel and accommodation	3,680	5,843
Mobile home	3,042	6,792
Communications	3,559	5,057
Bad debts	32,145	27,510
Legal, audit and accounting	24,937	21,494
Directors' travel and accommodation	5,281	7,105
Directors' fees	2,760	2,600
Office supplies and utilities	2,126	1,777
Taxes, licences and fees	4,873	2,146
Insurance	14,961	10,120
Depreciation	33,289	20,730
Miscellaneous	280	933
General and administrative expenses, Exhibit B	$ 264,366	$ 247,780

CHANNEL AREA LOGGERS LTD.

Notes to the Financial Statements
March 31, 1986

1. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Company.

Inventories:

Pulpwood inventory is valued at the lower of cost or net realizable value based upon the agreed price of deliveries to the purchaser, less an allowance for cullage and shrinkage.

Other inventories are valued at cost.

Fixed assets:

Fixed assets are stated at cost. It is the company's policy to provide for depreciation and amortization of fixed assets on the basis shown in note 4.

Revenue recognition:

Pulpwood sales are recognized on the basis of pulpwood delivered to landing and scaled in accordance with the terms of the sales contract.

2. Accounts Receivable

The major categories of accounts receivable are:

	1986	1985
General	$ 170,089	$ 181,800
Government of the Province of Manitoba	–	7,282
Government of Canada	–	18,567
Contract cutters	30,656	51,182
	$ 200,745	$ 258,831

3. Inventories

The major categories of inventory are:

Pulpwood	$ 29,127	$ 16,793
Other:		
Commissary supplies	933	9,838
Chain saws	–	2,102
Parts and supplies	32,828	36,434
Gasoline, diesel fuel and oil	49,075	74,482
Kitchen supplies	3,753	8,614
	86,589	131,470
	$ 115,716	$ 148,263

CHANNEL AREA LOGGERS LTD.

Notes to the Financial Statements
March 31, 1986

4. Fixed Assets

The major categories of fixed assets and related accumulated depreciation at March 31, 1986 are:

	Cost	Accumulated Depreciation	Rates
Buildings and Trailers	$ 319,607		
Less: Funded by the Government of Canada	67,298		
	252,309	109,824	10%
Machinery and Equipment	231,068		
Less: Funded by the Government of the Province of Manitoba	21,189		
	209,879	122,243	10-15%
Road construction in progress (Note 7)	195,834		
Less: Funded by the Government of Canada	195,834		
	-	-	
	$ 462,188	$ 232,067	

It is the company's practice to provide for depreciation of buildings, trailers, machinery and equipment under the straight-line basis at the rates shown above.

Previously the Company used a declining balance basis for depreciation but changed to a straight-line basis for the current year. The effect of this change was to increase depreciation expense from $45,821 to $50,339 for the year ended March 31, 1986. This change was not applied retroactively.

5. Bank Demand Loan

The bank demand loan is guaranteed by the Government of the Province of Manitoba to a maximum of $500,000 including unpaid interest.

CHANNEL AREA LOGGERS LTD.

Notes to the Financial Statements
March 31, 1986

6. Accounts Payable

The major categories of accounts payable are:

	1986	1985
Trade	$ 62,541	$ 136,510
Wage deductions	20,387	8,908
Employees	-	5,820
Government of the Province of Manitoba	50,257	55,386
	$ 133,185	$ 206,624

7. Advances from the Government of Canada

The Company undertook the construction of a dry weather road under the Canada Manitoba Northern Development Agreement. The agreement provides for the Company to receive assistance based on actual expenditures incurred to a maximum of $275,800. During the year the Company received assistance of $231,969 and expended $195,834.

8. Capital Stock

The issued shares are held by the Government of the Province of Manitoba except for nine shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba.

9. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides the services of the Secretary-Treasurer and other miscellaneous administrative services at no charge to the Company. The cost of these services is approximately $55,000 (1985 - $53,000). The Government of the Province of Manitoba also provides Workers Compensation coverage for Company staff at no charge to the Company.

10. Reforestation Program

The Company undertook a reforestation program under an agreement with the Government of the Province of Manitoba. The agreement provided for payments to the Company on the basis of the number of seedlings planted. Indirect expenditures pertaining to camp operations and administration are not allocated to the program. The agreement terminated September 15, 1985.

11. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba.

Manitoba

THE CIVIL SERVICE SUPERANNUATION FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied, after giving retroactive effect to the change in policy on accounting for investment in subsidiary and foreign currency translation as described in note 2, on a basis consistent with that of the preceding year.

Fred H. Jackson

Fred H. Jackson, C.A.,
Provincial Auditor.

June 27, 1986,
Winnipeg, Manitoba.

Exhibit A

THE CIVIL SERVICE SUPERANNUATION FUND
Balance Sheet as at December 31, 1985
(with 1984 figures for comparison)

	1985	1984
ASSETS		
Cash	$ 11,868	$ 48,772
Employees' and employers' contributions and payments receivable	264,509	1,295,038
Investments, Schedule 1, Note 1(b)	573,424,219	496,179,409
Accrued investment income	9,032,875	8,908,337
Debt due from the Province of Manitoba, Note 1(c)	1,826,300	1,826,300
Furniture, fixtures and equipment, at nominal value	1	1
Computer equipment, Note 1(d) at cost less accumulated amortization: 1985 - $27,537 1984 - $ 5,557	104,340	121,997
Computer programs development expenses, Note 1(d) at cost less accumulated amortization: 1985 - $137,940 1984 - $134,513	12,933	16,359
	$584,677,045	$508,396,213
LIABILITIES		
Accounts payable	$ 6,183	$ 46,952
Money purchase accounts plan, Exhibit E, Note 6	54,046	-
Accumulated unrealized foreign exchange, Note 7	700,135	188,828
Provision for investment losses, Exhibit C, Note 1(b)(v)	893,987	540,286
Superannuation indexing adjustment account, Exhibit D, Note 1(e)	34,751,052	30,655,114
Reserve for present and future benefits, Exhibit B	548,271,642	476,965,033
	$584,677,045	$508,396,213

Exhibit B

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Reserve for Present and Future Benefits
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Additions:		
Employers' and employees' payments and contributions, Schedule 2	$ 60,764,389	$ 57,317,792
Investment income, Schedule 3	60,266,209	51,975,390
Interest on debt due from the Province of Manitoba, Note 1(c)	73,052	73,052
Adjustment regarding The Civil Service Special Supplementary Severance Benefit Act, Note 4(a)	-	(2,070,100)
Bank and other interest	61,501	59,524
Total additions	121,165,151	107,355,658
Deductions:		
Superannuation and supplementary allowances	40,667,783	35,113,208
Refunds of contributions and interest	3,739,521	3,851,648
Payments to employers resulting from an amendment to the early retirement pension reduction, Note 4(b)(iii)	-	2,404,967
Payments of employee contributions to other pension plans	470,144	271,828
Administrative expenses, net, Schedule 4	885,156	807,771
	45,762,604	42,449,422
Transfer:		
Net transfer to superannuation indexing adjustment account, Exhibit D	4,095,938	4,084,203
Total deductions	49,858,542	46,533,625
Net increase for the year	71,306,609	60,822,033
Balance at beginning of year, before restatement	476,594,877	416,041,663
Adjustment of prior years, Note 2	370,156	101,337
After restatement	476,965,033	416,143,000
Balance at end of year, Exhibit A	$548,271,642	$476,965,033

Exhibit C

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Provision for Investment Losses
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Addition:		
Transfer from investment income, Schedule 3	$ 573,424	$ 496,179
Total addition	573,424	496,179
Deduction:		
Net write-down of permanently impaired investments	219,723	500,000
Total deduction	219,723	500,000
Net increase (decrease) for the year	353,701	(3,821)
Balance at beginning of year	540,286	544,107
Balance at end of year, Exhibit A	$ 893,987	$ 540,286

Exhibit D

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Superannuation Indexing Adjustment Account
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Additions:		
Allocation of 10.2% of employees' contributions	$ 4,012,187	$ 3,941,546
Interest	3,867,979	3,439,472
Total additions	7,880,166	7,381,018
Deductions:		
Charge for one-half of all superannuation adjustments	3,784,228	3,296,815
Total deductions	3,784,228	3,296,815
Net transfer from reserve for present and future benefits, Exhibit B	4,095,938	4,084,203
Balance at beginning of year	30,655,114	26,570,911
Balance at end of year, Exhibit A	$34,751,052	$30,655,114

Exhibit E

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Money Purchase Accounts Plan
for the year ended December 31, 1985

Additions:	
Deposits	$ 52,046
Interest income	2,276
	54,322
Deductions:	
Bank charges	27
Administration fees charged by Civil Service Superannuation Fund	249
	276
Increase for the year	54,046
Balance at beginning of year	-
Balance at end of year, Exhibit A	$ 54,046

Schedule 1

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 1985

	Par Value	Book Value
Fixed income investments, Note 1(b)(i)		
Term deposits	$ 58,376,109	$ 58,376,109
Bonds and debentures		
Government of Canada	$ 65,675,000	66,035,689
Province of Manitoba	26,083,000	25,898,334
Province of Nova Scotia	1,600,000	1,600,000
Province of Ontario	23,825,000	23,969,587
Province of Quebec	100,000	100,000
Province of Saskatchewan	4,000,000	4,000,000
Hospitals	4,221,250	4,221,250
Municipal Corporations	7,994,000	8,031,306
Corporations	122,686,660	123,300,154
	$256,184,910	257,156,320
Pooled bond funds		10,019,833
		267,176,153
Mortgages		
Insured, National Housing Act (Canada)	$ 92,812,521	87,332,891
Uninsured	30,313,763	30,271,315
	$123,126,284	117,604,206
Pooled mortgage funds		6,079,014
		123,683,220
Unamortized losses (gains) on disposition		(766,964)
Total fixed income investments at amortized cost		448,468,518
Equity investments, Note 1(b)(iii)		
Common stock		1,234,752
Pooled equity funds		
Canadian		30,855,506
Non-Canadian		36,931,825
Petroleum and natural gas investments		
Shares and pooled funds		10,759,900
Investment in subsidiary, Notes 1(b)(ii) and 5		6,819,959
Venture capital, limited partnership		2,521,741
Real estate, Note 1(b)(iv)		
Participating bonds		19,387,643
Qualifying shares		2,063,800
Units of pooled real estate		8,455,241
Accumulated unrealized appraisal adjustments		6,033,038
Unamortized losses (gains) on disposition		(107,704)
Total equity investments		124,955,701
Total investments, Exhibit A		$573,424,219

Schedule 2

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Payments and Contributions
for the year ended December 31, 1985

	Employers' payments and contributions	Employees' payments and contributions	Total
Province of Manitoba Civil Service	$10,234,869	$22,018,152	$32,253,021
Manitoba Telephone System	4,913,160	6,388,135	11,301,295
Manitoba Hydro-Electric Board	3,681,190	5,989,329	9,670,519
Liquor Control Commission	886,917	573,214	1,460,131
Manitoba Health Services Commission	374,028	912,065	1,286,093
Manitoba Public Insurance Corporation	85,270	1,317,526	1,402,796
Manitoba Agricultural Credit Corporation	63,439	92,190	155,629
Manitoba Crop Insurance Corporation	79,045	112,135	191,180
Manitoba Development Corporation	8,930	14,104	23,034
Communities Economic Development Fund	-	27,064	27,064
Teachers' Retirement Allowances Fund Board	5,145	19,214	24,359
Civil Service Superannuation Board	-	31,407	31,407
Workers Compensation Board	31,153	-	31,153
Manitoba Hog Producers' Marketing Board	34,757*	34,757	69,514
Local Government Districts	2,628*	2,650	5,278
Manitoba Government Employees' Association	67,054*	67,054	134,108
Universities Grants Commission	7,136	9,177	16,313
Manitoba Centennial Centre Corporation	17,185	81,851	99,036
Manitoba Milk Producers' Marketing Board	31,011*	31,011	62,022
Housing Authorities	170,263*	173,295	343,558
Manitoba Water Services Board	15,824*	15,766	31,590
Manitoba Turkey Producers' Marketing Board	8,237*	8,237	16,474
Alcoholism Foundation of Manitoba	26,802	254,040	280,842
Manitoba Horse Racing Commission	-	14,018	14,018
Manitoba Data Services	21,492	344,211	365,703
Manitoba Research Council	69,312*	70,262	139,574
Manitoba Beef Commission	21,986*	21,968	43,954
Manitoba Lotteries Foundation	1,091	112,674	113,765
The Legal Aid Services Society of Manitoba	-	136,053	136,053
Manitoba Milk Prices Review Commission	-	1,868	1,868
Manitoba Energy Authority	-	11,782	11,782
Employees on workers compensation	-	1,557	1,557
Employees on loan	13,074	12,175	25,249
Repayment of contributions previously refunded	-	125,672	125,672
Payments based on prior non-pensionable employment	-	484,430	484,430
Payments based on war service	1,170	80,621	81,791
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	-	302,557	302,557
Total payments and contributions, Exhibit B	$20,872,168	$39,892,221	$60,764,389

*Employers' contributions based on employees' remuneration

Schedule 3

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Investment Income
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Fixed income		
Interest	$ 50,193,085	$ 45,837,333
Foreign exchange, Note 7	173,987	47,207
Amortization of discounts (premiums), net, Note 1(b)(i)	364,663	622,321
Amortization of realized gains, Note 1(b)(i)	253,400	44,774
Transfer to provision for investment losses, Exhibit C, Note 1(b)(v)	(573,424)	(496,179)
	50,411,711	46,055,456
Equity income		
Investment in subsidiary, Note 5	1,584,266	563,094
Real estate dividends and interest, Note 1(b)(iv)	1,818,207	2,082,906
Other dividends and interest	2,689,400	1,999,730
Unrealized appraisal adjustments, Note 1(b)(iii)	3,718,642	1,234,195
Amortization of realized gains, Note 1(b)(iii)	43,983	40,009
	9,854,498	5,919,934
Total investment income, Exhibit B	$ 60,266,209	$ 51,975,390

Schedule 4

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Salaries and fringe benefits:		
Salaries - permanent staff	$ 594,846	$ 520,630
Salaries - part-time staff	3,293	-
Fringe benefits	34,842	29,960
Pensions paid - employer cost	16,912	15,811
Health and post-secondary education tax levy	9,888	8,626
	659,781	575,027
Professional fees:		
Actuary - pension	54,847	82,859
Audit	28,850	30,700
	83,697	113,559
Computer related costs:		
Amortization of equipment	21,980	19,712
Amortization of program development expense	3,427	1,413
Maintenance	9,398	8,511
Miscellaneous	474	670
	35,279	30,306
Printing and stationery:		
Microfilming	1,064	877
Photocopy service	4,224	3,668
Printing	18,333	11,469
Stationery and supplies	16,043	15,309
	39,664	31,323
Other:		
Bank and investment management	115,395	81,599
Furniture and fixtures	5,599	4,673
Machine rentals and servicing	5,660	4,400
Medical examinations	6,396	2,726
Miscellaneous	12,594	12,237
Seminars and travelling	13,922	15,516
Telephone, postage and delivery	18,771	18,424
	178,337	139,575
Subtotal, carried forward	$ 996,758	$ 889,790

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Subtotal, brought forward	$ 996,758	$ 889,790
Less: Operating recoveries		
Public Service Group Insurance Fund administration	(72,807)	(60,452)
Municipal Employees Benefits Board administration	(38,546)	(20,321)
Civil Service Special Supplementary Severance Benefit Act administration, Note 4	-	(1,246)
Money Purchase Accounts Plan, Note 6	(249)	-
Total administrative expenses, net, Exhibit B	$ 885,156	$ 807,771

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1985

1. Significant Accounting Policies:

The significant accounting policies are summarized below:

(a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

(b) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Gains or losses on disposition before maturity are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments.

(ii) Investment in subsidiary:

The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation of Manitoba Inc. is accounted for on the equity method.

(iii) Equity investments:

Equity investments are recorded at cost.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

1. (b) (continued)

(iv) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(v) Provision for investment losses:

Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income to a maximum of the provision not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses.

(vi) Foreign currency translation:

The Fund has adopted the recommendations of the Canadian Institute of Chartered Accountants whereby current assets in United States currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the existing month end prevailing rate of exchange.

The translation adjustments required for these transactions, together with foreign exchange on the purchase and sale of foreign currency are recorded in the accumulated unrealized foreign exchange account. One-fifth of the accumulated unrealized foreign exchange account is reflected in income for the year.

1. (continued)

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Computer:

Computer equipment and program development expenses are capitalized and are amortized on a straight line basis over six years.

During 1984, the Board acquired new computer equipment and programs which are being amortized over six years starting in 1985. Disposition of the old equipment resulted in an adjustment which was charged as amortization of equipment in 1984.

(e) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' annual contributions are allocated to a superannuation indexing adjustment account. Interest is allocated to the reserve on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures.

Effective July 1 of each year, cost-of-living superannuation adjustment payments are based on the lesser of the increase in the Consumer Price Index in the previous calendar year or the amount of the increase, as determined by an actuarial review, which could be paid without resulting in an unfunded liability in the adjustment account.

(f) Actuarial valuations:

(i) The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1983, disclosed a surplus of $17,698,138. The next actuarial valuation of the Fund shall take place as at December 31, 1986.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31,1985

1. (f)(i) (continued)

The annual valuation of the superannuation indexing adjustment account as at December 31, 1984 revealed that $6,926,114 was available to actuarially finance additional cost-of-living increases for pensioners. Based on the Consumer Price Index increase, a cost-of-living increase of 3.8% was granted effective July 1, 1985 at an actuarial cost of $4,025,700, leaving a surplus of $2,900,414 in the account as at December 31, 1984.

(ii) The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees amounted to $418,039 as at December 31, 1985.

2. Changes in accounting policy:

(a) Effective January 1, 1985, the method of accounting for the Fund's investment in its subsidiary, Superannuation Resource Investment Corporation of Manitoba Inc., was changed from the cost method to the equity method. This change, which has been retroactively applied, has resulted in decreasing the investment in subsidiary and the reserve for present and future benefits by $23,199 (1984 - increase $155,676).

(b) The Fund's policy on foreign currency translation was changed during 1985 to the method described in Note 1(b)(vi). Previously the Fund used a book rate of 1.282051 for translation of current assets and income received during the year. The difference between the book rate and the prevailing rate on purchase or sale of United States currency was charged or credited to income. This change, which has been retroactively applied, has resulted in increasing the value of investments and related accounts by $1,004,950 (1984 - $265,095), increasing the accumulated unrealized foreign exchange by $511,307 (1984 - $151,952) and increasing the reserve for present present and future benefits by $493,643 (1984 - $113,143).

3. Guarantee by the Province:

Under the Act, the Province of Manitoba guarantees that a certain rate of return which varies based on actuarial assumptions, will be earned on the assets of the Fund. Any deficiency in annual earnings is made up by the Province; however, no payments have been required to date.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31,1985

4. The Civil Service Special Supplementary Severance Benefit Act and 1984 amendments to it and to The Civil Service Superannuation Act:

(a) The Civil Service Special Supplementary Severance Benefit Act was enacted to encourage voluntary early retirement during a 'window' period from February 28, 1983 to June 30, 1983. The enhancements under the Act provided for elimination of the early retirement reduction of 1 1/2% per year prior to age 60 and the benefit formula was improved to include the average of the best 6 years earnings. A total of 488 employees (out of approximately 3,100 who were eligible) retired during the 'window' period.

The employers were responsible for the total costs of the benefits paid that were in excess of the pension payable under The Civil Service Superannuation Act. The Board recovered $1,246 in 1984 and $37,231 in 1983 for additional administrative and counselling expenses incurred in respect of the 'window' period.

This Act resulted in an additional actuarial liability to the Fund of $2,070,100 which was recoverable from the Government of Manitoba. The recovery was rescinded by an amendment to The Civil Service Special Supplementary Severance Benefit Act in 1984 which was agreed to by the Government of Manitoba and the Employees' Superannuation Liaison Committee.

(b) Amendments to The Civil Service Superannuation Act in 1984 provided for:

(i) Improving the pension formula to the average of the best 6 of the last 12 years.

(ii) Reducing the early retirement penalty to 1/16 of 1% for each month between the date of retirement and age 60.

(iii) Authorizing the Fund to pay the Government of Manitoba and its agencies $2,404,967, being the present value of the matching employer cost of the early retirement penalty reduction. These payments were agreed to by the Government of Manitoba and the Employees' Superannuation Liaison Committee.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31,1985

5. Investment in subsidiary:

The Superannuation Resource Investment Corporation of Manitoba Inc. (S.R.I.C), a wholly-owned subsidiary of the Fund, was incorporated as a pension fund resource corporation under The Corporation Act of Manitoba on May 30, 1983 for the purpose of participating in oil and gas resource development projects on behalf of the Fund.

The Fund's investment in S.R.I.C. at December 31, 1985 and 1984 is comprised of:

	1985	1984
Shareholder's advances	$5,080,016	$4,405,251
Capital stock	1	1
Retained earnings	1,739,942	155,676
Investment in subsidiary	$6,819,959	$4,560,928

The net income of S.R.I.C. of $1,584,266 (1984 - $563,094) has been reflected as income from subsidiary.

During the year, the Fund advanced $2,500,000 (1984 - $4,000,000) to S.R.I.C. and recovered $1,825,234 (1984 - $789,849) of advances from S.R.I.C.

6. Money Purchase Accounts Plan:

Manitoba Regulation 77/85 under the Civil Service Superannuation Act established a Money Purchase Accounts Plan effective January 2, 1985. Under this regulation, eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer, to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board charges the Plan with an administration fee. The accumulated value of the participants account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

7. Accumulated unrealized foreign exchange:

An analysis of the accumulated foreign exchange account is shown below:

	1985	1984
Balance, beginning of year	$ (188,828)	$ (36,876)
Foreign exchange on purchase and sale of United States currency	1,253,982	1,583,099
Translation of transactions	553,142	89,087
Net translation of current assets	(2,492,418)	(1,871,345)
	(874,122)	(236,035)
Transfer to income	173,987	47,207
Balance, end of year	$ (700,135)	$ (188,828)

Manitoba

COMMUNITIES ECONOMIC DEVELOPMENT FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of the Communities Economic Development Fund for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Communities Economic Development Fund as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving effect to the change in accounting for common administrative expenses as disclosed in note 3 to the financial statements, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

September 25, 1986,
Winnipeg, Manitoba.

Exhibit A

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Cash	$ 287,527	$ 171,775
Short-term deposits	200,000	70,000
Amount due from Manitoba Development Corporation (notes 1 and 2(c))	392,644	361,627
Accounts receivable	8,525	4,515
Loans and interest receivable, less allowance for doubtful accounts $1,030,409 (1985 - $1,386,100) (note 5)	3,813,802	3,772,515
Office furniture and equipment at cost, less accumulated depreciation $24,500 (1985 - $16,684)	61,265	55,399
	$ 4,763,763	$ 4,435,831

LIABILITIES

	1986	1985
Accounts payable	$ 48,540	$ 50,341
Funds held in trust	-	70,267
	48,540	120,608
Funds provided by the Province of Manitoba (note 4)	4,715,223	4,315,223
	$ 4,763,763	$ 4,435,831

Exhibit B

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Revenue and Expenditure for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Revenue:		
Interest, loans	$ 453,866	$ 423,080
Miscellaneous	6,586	5,753
	460,452	428,833
Expenditure:		
General administrative, Schedule 1	760,683	748,688
Recovery from Manitoba Development Corporation for proportionate share of common administrative expenses (note 3)	(80,000)	(90,000)
Provision for doubtful accounts on loans receivable (note 5)	391,470	495,700
	1,072,153	1,154,388
Excess of expenditure over revenue	611,701	725,555
Less: Subsidy from the Manitoba Development Corporation (note 1)	611,701	725,555
	$ -	$ -

Schedule 1

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Schedule of General Administrative Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Consultants' fees and expenses	$ 14,147	$ 15,753
Depreciation	7,816	6,721
Directors' fees and expenses	50,873	43,577
Legal and audit	25,265	23,801
Office supplies and expenses	78,395	84,429
Salaries and employee benefits	519,049	492,414
Sundry	18,871	23,372
Travel	46,267	58,621
General administrative expenses, Exhibit B	$ 760,683	$ 748,688

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1986

1. Nature of the Fund

The Communities Economic Development Fund was established as a Crown Corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. To carry out this objective it is not practical to pass on all of the Fund's costs to the users of its services. As a result the Fund depends, to a certain extent, on a subsidy from the Manitoba Development Corporation (MDC).

MDC provides the subsidy required by the Fund to the extent of the Fund's excess of expenditure over revenue.

2. Significant Accounting Policies

(a) General

The accompanying financial statements have been prepared on an accrual basis, except for the accounting for pension costs as set out in (d) below.

(b) Allowance for doubtful accounts

The allowance for doubtful accounts regarding possible losses on outstanding loans is determined on an individual account basis.

(c) General administrative expenses (Schedule 1)

The Communities Economic Development Fund is jointly administered with the Manitoba Development Corporation. Common administrative expenses are initially paid by the Fund, except for rent and utilities costs which are paid by MDC. At the year end, common administrative expenses are reviewed and allocated between MDC and the Fund on a proportionate basis as determined by officials of MDC and the Fund. The difference between the administrative expenses paid by the Fund and the prorated administrative expenses are reflected as either a recovery of administrative expenses or as a reimbursement to MDC for the Fund's share of common administrative expenses.

(d) Pensions

The employees of the Fund are not members of the Civil Service of the Province but they contribute to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. Such payments will be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Fund's employees amounted to $396,480 as at December 31, 1985 ($329,373 as at December 31, 1984).

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1986

2. Significant Accounting Policies (continued)

(e) Depreciation

Office furniture and equipment is depreciated at 10% on a straight line basis.

3. Change in Accounting Policy

The accounting policy regarding common administrative expenses, note 2(c), is changed from the previous year. In the previous year, administrative expenses common to both the Fund and MDC were paid by the Fund, except for rent and utility costs which were paid by MDC. Common administrative expenses are now reviewed annually and allocated between the Fund and MDC on a proportionate basis as determined by officials of the Fund and MDC. The change in the accounting policy has been applied to the current and prior year's figures. The effect of the change is to decrease the Fund's excess of expenditure over revenue and to reduce the subsidy from the Manitoba Development Corporation by $80,000 in 1986 and $90,000 in 1985.

4. Funds provided by the Province of Manitoba

Funds are provided by the Province by way of conditional grants for a revolving fund for the purpose of making direct loans and for loan guarantees. In the event that the revolving fund increases beyond the amount provided by the Province, such increases would be repayable to the Province. If the Communities Economic Development Fund should cease operations, then all remaining funds would be returned to the Province.

The funds provided are as follows:

	1986			1985
	Direct Loans	Loan Guarantees	Total	Total
Balance, beginning of year	$ 4,215,223	$ 100,000	$ 4,315,223	$ 3,915,223
Funds provided during the year	400,000	-	400,000	400,000
Balance, end of year	$ 4,615,223	$ 100,000	$ 4,715,223	$ 4,315,223

The balance of available capital authority as at March 31, 1986 is $3,207,000 for direct loans and $1,400,000 for loan guarantees.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1986

5. Allowance for Doubtful Accounts

The change in the allowance is accounted for as follows:

	1986	1985
Balance, beginning of year	$ 1,386,100	$ 1,044,400
Provision during the year	391,470	495,700
	1,777,570	1,540,100
Less: Accounts written off (net of recoveries)	747,161	154,000
Balance, end of year	$ 1,030,409	$ 1,386,100

6. Loan Commitments and Contingent Liabilities

		1986	1985
(a)	Loan commitments - undisbursed balance of approved loans	$ 952,247	$ 685,248
(b)	Contingent liability - bank loan guarantees	$ 364,000	$ 150,000
(c)	Contingent liability - performance, material and labor bonds	$ -	$ 45,915

(d) Contingent liability - two statements of claim have been filed with the court, naming the Fund as defendant. The claims relate to certain real property which the Fund disposed of in 1981. The claims are for damages and costs of an unspecified amount. The Fund is of the opinion that the claims are without merit.

7. Comparative Figures

1985 comparative figures have been restated where necessary to conform with the 1986 financial statement presentation.

MEYERS
NORRIS
PENNY & Co.

CHARTERED ACCOUNTANTS

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31st March, 1986

To the Board of Directors
Cooks Creek Conservation District No. 5

AUDITORS' REPORT

We have examined the balance sheet of the Cooks Creek Conservation District No. 5 as at 31st December, 1985 and the statement of revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the District as at 31st December, 1985 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Meyers Norris Penny & Co
Chartered Accountants

Cooks Creek Conservation District No. 5

Balance Sheet as at 31st December, 1985

	1985	1984
Assets		
Current Assets		
Cash	186,864	171,585
Accounts receivable	3,932	7,367
	190,796	178,952
Fixed Assets - Note 2	5,468	2,555
	196,264	181,507
Liabilities		
Current Liabilities		
Conservation District Authority	35,555	39,230
Accounts Payable	95	-
	35,650	39,230
Surplus		
Board and Sub District Account	158,472	139,965
Equipment Account	142	312
Emergency Reserve Account	2,000	2,000
	160,614	142,277
	196,264	181,507

Cooks Creek Conservation District No. 5

Statement of Board Account Revenue and Expenditure

For the Year Ended 31st December, 1985

	1985	1984
Revenue		
Province of Manitoba	182,120	189,102
Rural Municipality of Brokenhead	157	134
Rural Municipality of St. Annes	974	835
Rural Municipality of St. Clements	-	5,273
Rural Municipality of Springfield	65,724	56,335
Rural Municipality of Tache	6,104	5,232
Interest	12,591	11,836
Sundry	51	500
	267,721	269,247
Expenditure		
Administration		
Association dues	350	350
Board remuneration	11,915	11,296
Depreciation	553	426
Head office administration	1,038	1,705
Insurance	762	465
Office maintenance	1,542	1,533
Office rent	3,125	2,700
Printing, postage and stationery	1,861	1,875
Professional fees	775	2,922
Public relations	1,407	500
Salaries	16,461	12,748
Watershed manager's expenses	1,267	1,305
	41,056	37,825
Sub District Programs		
Lower Seine River	80,147	53,234
Cooks Creek	110,357	147,108
Bunn's Creek	17,654	25,851
	208,158	226,193
	249,214	264,018
Excess of Revenue over Expenditure	18,507	5,229
Account Balance - Beginning of Year	139,965	134,736
Account Balance - End of Year	158,472	139,965

Cooks Creek Conservation District No. 5

Statement of Equipment Account Revenue and Expenditure

For the Year Ended 31st December, 1985

	1985	1984
Revenue	Nil	Nil
Expenditure		
Parts and repairs	36	-
Depreciation	134	234
	170	234
Excess of Expenditure over Revenue	170	234
Account Balance - Beginning of Year	312	546
Account Balance - End of Year	142	312

Cooks Creek Conservation District No. 5

Statement of Sub-District Programs

For the Year Ended 31st December, 1985

	Lower Seine River #9	Cooks Creek #11	Bunn's Creek #12	1985 Total	1984 Total
Development	63,494	23,089	2,125	88,708	-
Weed and Brush Control	237	11,654	1,851	13,742	40,036
Channel Maintenance	4,449	48,908	7,594	60,951	58,010
Culverts and Structures	11,967	26,706	6,084	44,757	128,147
	80,147	110,357	17,654	208,158	226,193

Statement of District and Provincial Contribution

For the Year Ended 31st December, 1985

	Share Percentage		Total Expenditures	District Share	Provincial Share
	District	Provincial			
Administration					
General	25	75	27,379	6,845	20,534
Other	100	0	724	724	-
Head office	0	100	1,038	-	1,038
Remuneration					
General	25/100	75/0	11,915	3,988	7,927
			41,056	11,557	29,499
Sub-District Programs					
Lower Seine River	30/25	70/75	80,147	23,211	56,936
Cooks Creek	30/25/20	70/75/80	110,357	27,806	82,551
Bunn's Creek	30/25	70/75	17,654	4,520	13,134
			208,158	55,537	152,621
			249,214	67,094	182,120

Cooks Creek Conservation District No. 5
Notes to the Financial Statements
For the Year Ended 31st December, 1985

Note 1 - Accounting Policies

Fixed Assets

Fixed assets are recorded at cost.

Depreciation is recorded on the straight line method at the following rates:

Equipment	25%
Office Equipment	5%

Note 2 - Fixed Assets

The following is a summary of the fixed asset and accumulated depreciation accounts:

	Balance Beginning Of Year	Additions	Balance End Of Year
Fixed Assets			
Equipment	936	-	936
Office equipment	2,840	673	3,513
Program support equipment	-	2,927	2,927
	3,776	3,600	7,376
Accumulated Depreciation			
Equipment	658	134	792
Office equipment	563	443	1,006
Program support equipment	-	110	110
	1,221	687	1,908
Net Book Value	2,555		5,468

Note 3 - Boundary Changes

An Order-in-Council, No. 1301/84, dated 28th November, 1984, approved that the boundaries of Cooks Creek Conservation District No. 5 be amended to exclude lands in the Rural Municipality of St. Clements as permitted under Section 24(c) of the Conservation District Act effective 1st January, 1985.

Manitoba

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Schedule of Loans and Loans Guarantee Transactions of The Co-operative Loans and Loans Guarantee Board for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Schedule of Loans and Loans Guarantee Transactions presents fairly the balance of the loans and loans guarantees outstanding as at March 31, 1986 and the loans and loans guarantee transactions of the Board for the year then ended on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

January 20, 1987,
Winnipeg, Manitoba.

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Schedule of Loans and Loans Guarantee Transactions for the year ended March 31, 1986

	Amounts Outstanding at March 31, 1985	Additions	Cancellations	Amounts Outstanding at March 31, 1986
Loans Guarantees:				
Winnnipeg Arts Club Co-op Inc.	$ -	$ 100,000	$ -	$ 100,000
Elm Creek and Community Co-operative Recreation Association Inc.	20,000	-	20,000	-
Winnipegosis Co-operative Fisheries Ltd.	5,000	-	5,000	-
	$ 25,000	$ 100,000	$ 25,000	$ 100,000
Loans:				
Lakeshore Metis Land Improvement Co-op Ltd. (Note 1)	70,000	-	27,573	42,427
	$ 70,000	$ -	$ 27,573	$ 42,427

Notes:

1. The loan issued to Lakeshore Metis Land Improvement Co-op Ltd. was approved by the Board as an interest free loan.

2. The Board previously obtained title to fixed assets owned by the South Indian Lake Co-op Fisheries Ltd. During the year ended March 31, 1986 the Board obtained proceeds of $16,655 from the rental of the fish processing plant. The proceeds have been paid to the Government of the Province of Manitoba.

3. The Winnipeg Arts Club Co-op Inc. was placed in receivership November 21, 1986. The extent to which the Board may be called upon to honour this loan guarantee is not determinable at this time.

4. In March 1986, the Board approved, subject to the acceptance of certain conditions as specified in the offer, an extension of the Offer of a Guarantee in the amount of $10,000 for the Weanling Improvement Sales and Service Co-op Ltd. As at March 31, 1986 these conditions had not been met and the Board had not issued formal guarantees. Subsequent to the year end, conditions were met and the guarantee was issued.

5. The Board does not charge a fee for its loan guarantees.

6. The costs related to the administration and general operation of the Board are paid out of an appropriation of the Department of Co-operative Development, Government of the Province of Manitoba.

Manitoba

THE CO-OPERATIVE PROMOTION BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Co-operative Promotion Board for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

August 28, 1986,
Winnipeg, Manitoba.

Exhibit A

THE CO-OPERATIVE PROMOTION BOARD

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Current assets:		
Cash	$ 41,891	$ 46,117
Accrued interest receivable	13,586	13,534
Term deposit - Province of Manitoba	52,000	52,000
Total current assets	107,477	111,651
Investments, at amortized cost, Schedule 1	228,925	228,642
	$ 336,402	$ 340,293

LIABILITIES AND EQUITY

	1986	1985
Accounts payable	$ 2,802	$ -
Contributed capital:		
Provided under "The Wheat Board Money Trust Act" Cap. 291, R.S.M. 1954 (Note 1)	128,800	128,800
Retained earnings, Exhibit B	204,800	211,493
	$ 336,402	$ 340,293

Exhibit B

THE CO-OPERATIVE PROMOTION BOARD

Statement of Income and Expenditure and Retained Earnings
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Income:		
Interest	$ 31,452	$ 32,795
Amortization of discount on investments	283	283
Refund of Grant-Northern Co-operative Services Ltd.	1,539	-
Total income	33,274	33,078
Expenditure:		
Grants and direct expenses on behalf of Co-operatives:		
Grants:		
Association of Co-operative Educators	-	1,500
Canadian Association of the Mentally Retarded - Winnipeg Branch	-	750
Co-op College of Canada, Manitoba Region Council	1,000	11,000
Crocus Information Management Co-op Ltd.	4,600	-
The Housing Co-op Council of Manitoba	3,000	-
Manitoba Metis Federation Inc.	1,000	-
Maurepas Village Housing Co-operative	500	-
Northwest Wild Rice Growers Co-op Ltd.	1,000	-
Proposed Northern Chip Production Project - Fred Schlachetka	500	-
Red River Art and Craft Co-op	-	500
St. Norbert Co-op	-	750
Selkirk Committee on Abuse Against Women	-	500
South-west Metis Multi Purpose Co-op	-	662
Westlake Corn Producers Co-op Ltd.	500	-
Direct expenses on behalf of Co-operatives:		
Co-op brochure expenses	-	1,523
Gold medal prize	194	215
Research study	12,600	-
School awards contest	11,538	6,332
	36,432	23,732
General and administrative expenses:		
Audit fee	950	925
Board members' remuneration	520	480
Board members' travel	1,443	1,696
Office expenses	554	810
Sundry	68	70
	3,535	3,981
Total expenditure	39,967	27,713
Income (under) over expenditure	(6,693)	5,365
Retained earnings, beginning of year	211,493	206,128
Retained earnings, end of year, Exhibit A	$ 204,800	$ 211,493

Schedule 1

THE CO-OPERATIVE PROMOTION BOARD

Schedule of Investments
as at March 31, 1986

	Par Value	Cost	Accumulated Discount Amortization	Amortized Cost
Manitoba Hydro-Electric Board 7 1/4% bonds due on August 1, 1993	$ 67,000	$ 61,305	$ 3,620	$ 64,925
La Federation des Caisses Populaires du Manitoba Inc. 11.3% term deposit due on July 22, 1986	64,000	64,000	-	64,000
Co-operative Credit Society of Manitoba 11.5% term deposit due on August 30, 1986	100,000	100,000	-	100,000
	$ 231,000	$ 225,305	$ 3,620	$ 228,925

THE CO-OPERATIVE PROMOTION BOARD

Notes to the Financial Statements as at March 31, 1986

1. Nature and objectives of the Board

The Co-operative Promotion Board operates under the terms of The Wheat Board Money Trust Act. The Board acts as a trustee for those surplus funds of the original Canadian Wheat Board which were apportioned to Manitoba by the Government of Canada. The total amount apportioned to Manitoba was $128,800 and is held in trust by the Board. The income earned on these funds may be used by the Board for purposes which are consistent with the following objectives specified in the Act:

a. To assist in the development and encouragement of co-operation amongst consumers, producers of natural products, and persons concerned in marketing natural products and in the organization and development of co-operative organizations.

b. To investigate laws relating to co-operative organizations in Manitoba, in other provinces of Canada and in other countries, and to study agencies for and methods of co-operative marketing, production and purchasing, and to report thereon with recommendations of approved matters to the Lieutenant-Governor-in-Council.

c. To promote the general welfare of producers of natural products in the Province and of co-operative organizations in the Province.

2. Accounting policies

a. Income and general and administrative expenses are accounted for on an accrual basis.

b. Grants and direct expenses on behalf of Co-operatives are reflected as expenditures when paid.

c. Discounts on investments are amortized on a straight line basis over the life of the investment.

3. Services provided by the Province

The Government of the Province of Manitoba provides the services of support staff and other miscellaneous administrative services at no charge to the Board. The cost of these services are not reflected in these financial statements.

Manitoba

THE CRIMINAL INJURIES COMPENSATION BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statement, being the Statement of Receipts and Disbursements, of The Criminal Injuries Compensation Board for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, this financial statement presents fairly the receipts and disbursements of the Board for the year then ended in accordance with the accounting policies stated in note 1 to the financial statement applied on a basis consistent with that of the preceding year.

Fred H Jackson
F. H. Jackson, C.A.,
Provincial Auditor.

May 2, 1986,
Winnipeg, Manitoba.

THE CRIMINAL INJURIES COMPENSATION BOARD

Statement of Receipts and Disbursements
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Receipts:		
Department of the Attorney-General appropriation	$ 1,043,778	$ 1,151,179
Recoveries - restitutions, insurance	882	500
Bank interest, net of charges	4,726	1,598
Total receipts	1,049,386	1,153,277
Disbursements:		
Benefits paid:		
Temporary disability	247,522	298,797
Pensions (Note 2)	613,997	641,589
Medical, dental, prosthetics, etc.	84,444	99,237
Rehabilitation	70,085	84,231
	1,016,048	1,123,854
Remittance of recoveries to Department of the Attorney-General	882	500
Total disbursements	1,016,930	1,124,354
Excess of receipts over disbursements	32,456	28,923
Bank overdraft, beginning of year	(10,219)	(39,142)
Bank balance (overdraft), end of year	22,237	(10,219)
Reimbursement (refund), in transit, from (to) the appropriation for the fiscal year	(22,237)	10,219
	$ -	$ -

THE CRIMINAL INJURIES COMPENSATION BOARD

Notes to Financial Statement for the year ended March 31, 1986

1. Under an Order of the Lieutenant-Governor-in-Council The Workers' Compensation Board (W.C.B.) was designated to administer The Criminal Injuries Compensation Act. All charges for the administration of the Act are paid from the Consolidated Fund of the Government of the Province of Manitoba through an appropriation of the Department of the Attorney-General. Under this arrangement, the financial transactions of the Board are processed by the W.C.B. and such transactions are presented in the accompanying financial statement on a cash basis. Administration expenses such as W.C.B. staff salaries and other operating expenses, in respect to this arrangement, are billed to and paid from the appropriation of the Department of the Attorney-General and are reflected in the accounts of W.C.B.. For the year ended March 31, 1986, $139,895 (March 31, 1985 - $161,102) was incurred by the W.C.B. for administering the Act and reimbursed by the Government of the Province of Manitoba.

2. In accordance with The Criminal Injuries Compensation Act, The Criminal Injuries Compensation Board awards pensions to victims of criminal acts. The pensions are paid from funds provided by the Government of the Province of Manitoba from the Consolidated Fund. The unfunded present value of the pensions awarded as at March 31, 1986 was determined by the Board to amount to $7,279,147 (1985 - $5,702,103).

Manitoba

LEAF RAPIDS TOWN PROPERTIES LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Leaf Rapids Town Properties Ltd. as at March 31, 1986 and the statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1986 and the results of its operations and the changes in financial position for the year then ended in accordance with the accounting policies stated in note 1 applied, except for the change in the method of valuing developed lots held for resale and unleased industrial lots and buildings as described in note 7, on a basis consistent with that of the preceding year.

Our opinion with respect to the comparative amounts shown for the year ended March 31, 1985 was qualified because the significant decline in the market value of developed lots held for resale and unleased industrial lots and buildings was not reflected in the financial statements for the year then ended.

F. H. Jackson, C.A.,
Provincial Auditor.

July 29, 1986
Winnipeg, Manitoba

Exhibit A

LEAF RAPIDS TOWN PROPERTIES LTD.

Balance Sheet
March 31, 1986

	1986	1985
ASSETS		
Current Assets:		
Cash and short-term deposits	$ 415,922	$ 379,681
Accounts receivable (note 2)	356,578	394,980
Prepaid expense and supplies	14,704	12,857
	787,204	787,518
Developed lots held for resale (note 1(c) and 7)	1	225,646
Land, buildings and equipment, less accumulated depreciation and cost recoveries (note 3 and 7)	5,328,782	6,026,676
Lease costs, net of amortization	5,302	6,158
	$ 6,121,289	$ 7,045,998
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expense	$ 114,165	$ 162,537
Current portion of long-term debt	186,088	172,066
	300,253	334,603
Long-term debt (note 4)	3,764,173	3,950,261
	4,064,426	4,284,864
SHAREHOLDER'S EQUITY		
Capital stock (note 5)	2,621,100	2,621,100
(Deficit) retained earnings	(564,237)	140,034
	2,056,863	2,761,134
	$ 6,121,289	$ 7,045,998

Exhibit B

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Income and Deficit
Year Ended March 31, 1986

	1986	1985
Operations (Schedule 1):		
Revenue	$ 1,248,170	$ 1,189,951
Operating expense	985,541	951,526
Depreciation and amortization	236,536	228,941
	1,222,077	1,180,467
Profit from operations before other expenses	26,093	9,484
Other expense:		
Loss on sale of building	39,415	-
Property tax on developed lots held for resale (note 1(c))	5,567	5,409
Interest expense - net (note 6)	38,355	45,593
Corporation capital tax	8,828	9,189
	92,165	60,191
Loss before extraordinary item	66,071	50,707
Extraordinary item - loss on revaluation of land and buildings (Note 7)	638,199	-
Loss for the year	704,271	50,707
Retained earnings, beginning of year	140,034	190,741
(Deficit) retained earnings, end of year	$ (564,237)	$ 140,034

Exhibit C

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Changes in Financial Position
Year Ended March 31, 1986

	1986	1985
Cash was provided by:		
Operations:		
Loss for the year	$ 66,072	$ 50,707
Add depreciation, a non-cash item	236,536	228,941
	170,464	178,234
Decrease in accounts receivable	38,402	6,777
Increase (decrease) in accounts payable and accrued expense	(48,372)	7,511
Disposal of land, building and equipment	50,115	-
Total cash provided	210,609	192,522
Cash was used for:		
Increase in prepaid expense and supplies	1,847	545
Additions to land, buildings and equipment	455	37,039
Reduction of long-term debt	172,066	180,849
Total cash used	174,368	218,433
Increase (decrease) in cash	36,241	(25,911)
Cash on hand, beginning of year	379,681	405,592
Cash on hand, end of year	$ 415,922	$ 379,681

Schedule 1

LEAF RAPIDS TOWN PROPERTIES LTD.

Schedule of Operating Revenue and Expense
Year Ended March 31, 1986

	Revenue from Operations	Operating Expense	Depreciation and Amortization	Operating Income (Loss) 1986	Operating Income (Loss) 1985
Rental property:					
Commercial:					
Town centre retail	$ 179,953	$ 42,385	$ 33,013	$ 104,555	$ 118,229
Town centre hotel	123,080	105,050	46,702	(28,672)	(49,769)
Commercial building	36,651	20,081	9,232	7,338	8,010
Industrial park	38,442	31,732	476	6,234	(6,080)
Mobile home park	29,408	18,619	-	10,789	10,887
Staff housing	14,362	6,654	2,257	5,451	4,404
Non-commercial:					
Recreation centre & municipal offices	186,942	101,545	85,397	-	-
Health centre	76,434	41,518	34,916	-	-
Administration of Town Centre complex:					
Common areas	223,466	223,000	21,910	(21,444)	(21,444)
Maintenance dept.	126,845	124,233	2,612	-	-
Property taxes	112,400	112,400	-	-	-
Insurance	27,510	27,510	-	-	-
Allied heating	30,458	30,458	-	-	-
General & administrative expenses	42,219	100,356	21	(58,158)	(54,753)
	$ 1,248,170	$ 985,541	$ 236,536	$ 26,093	$ 9,484

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1986

1. Summary of Significant Accounting Policies:

(a) Basis of accounting:

An accrual basis of accounting is being followed except for accounting for interest on income debentures as described in 1(e) below.

(b) Fixed assets:

Fixed assets are valued at cost, except for unleased industrial lots and buildings which are valued at net realizable value.

Depreciation on buildings and equipment is recorded at appropriate rates over the estimated useful lives of the related assets as follows:

Town Centre Building:	
Retail, Whitewater Inn and common areas	2 1/2% straight-line
Commercial Building	5% straight-line
Staff housing	2 1/2% straight-line

Equipment:
Whitewater Inn - various rates from 10% to 20% straight-line
Other - various rates

Depreciation on the non-commercial component of the Town Centre Building, being the facilities leased to the Leaf Rapids School District, Leaf Rapids Health and Social Development Centre and the Town of Leaf Rapids, is recorded at amounts equivalent to the principal reduction of the Series B debentures. Basic rental payments made to the Corporation by these entities are equal to the required payments on the debentures. By March 31, 1995 sufficient funds will have been recovered to equal the total capital costs of these facilities.

(c) Developed lots held for resale:

Developed lots held for resale are valued at net realizable value. Property taxes and any other related costs are charged to operations.

(d) Lease costs:

Lease costs are amortized over the terms of the leases to which they relate.

(e) Interest expense on income debentures:

Interest expense on income debentures, calculated in accordance with the methodology outlined in note 4 to the financial statements, is recorded in the year it is paid.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1986

2. Accounts Receivable:

Accounts receivable include an amount of $303,021 (net), being administrative cost recoveries assessed to non-commercial tenants over the past eleven years. The tenants have acknowledged responsibility for this liability and arrangements have been made for collection in the very near future.

3. Land, Buildings and Equipment:

	Cost				
	Land and Buildings	Equipment	Accumulated Depreciation	Cost Recoveries	Net Book Value
Rental property:					
Commercial:					
Town centre retail	$ 1,447,007	$ -	$ 358,963	$ -	$ 1,088,044
Town centre hotel	1,801,348	256,660	697,255	-	1,360,753
Commercial building	183,782	-	116,960	-	66,822
Mobile home park	142,881	3,487	3,487	-	142,881
Industrial park	255,680	-	-	-	255,680
Staff housing	82,881	9,475	29,325	-	63,031
Non-commercial:					
School and cinema	2,426,366	-	-	2,426,366	-
Recreation and municipal	1,815,113	-	-	654,559	1,160,554
Health centre	742,137	-	-	267,627	474,510
Exhibition centre	132,554	-	-	132,554	-
Other property:					
Town centre:					
Common areas	940,053	12,033	245,764	-	706,322
Expansion site	1	-	-	-	1
Other	-	27,176	16,992	-	10,184
	$ 9,969,803	$ 308,831	$ 1,468,746	$ 3,481,106	$ 5,328,782

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1986

4. Long-term Debt:

Government of the Province of Manitoba:

$2,000,000 Series A 8.15% first mortgage debentures secured by the Corporation's land, buildings and equipment, repayable by equal annual instalments of principal and interest in the amount of $122,525 to March 31, 1996.

$2,557,251 Series B 8.15% first mortgage debentures secured by leases with the non-commercial tenants in the Town Centre, repayable by equal annual instalments of principal and interest in the amount of $263,376 to March 31, 1995, in accordance with the varying terms of the leases.

$2,450,000 10% income debentures secured by a floating charge on all assets of the Corporation, second to the first mortgage debentures, repayable by annual instalments equal to one-half of the prior year's cash flow of the Corporation. Such cash flow is determined as that generated from operations less principal repayments made on the debentures. Each annual instalment is applied firstly against annual interest and any remaining balance against principal. Any unpaid interest as a result of such annual repayments is non-cumulative. Such unpaid interest amounted to $140,290 (1985 - $121,578) for the year ended March 31, 1986.

During the year ended March 31, 1986, the following transactions have taken place:

	Series A Debentures	Series B Debentures	Income Debentures	Total
Balance, March 31, 1985	$ 868,374	$ 1,755,376	$ 1,498,577	$ 4,122,327
Annual principal instalments	51,753	-	-	51,753
Annual lease payments	-	120,313	-	120,313
	51,753	120,313	-	172,066
Balance, March 31, 1986	$ 816,621	$ 1,635,063	$ 1,498,577	$ 3,950,261
Total long-term debt				3,950,261
Less current portion				186,088
				$ 3,764,173

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1986

5. Capital Stock:

Authorized:

40,000 common shares, not to exceed $40,000
26,210 8.15% non-cumulative redeemable preferred voting shares, not to exceed $2,621,000.

	1986	1985
Issued and fully paid:		
100 common shares	$ 100	$ 100
26,210 preferred shares	2,621,000	2,621,000
	$ 2,621,100	$ 2,621,100

Ownership:
All issued shares are held by the Minister of Finance, Government of the Province of Manitoba.

6. Interest Expense - Net:

	1986	1985
Series A debentures	$ 70,772	$ 74,672
Income debentures	9,568	28,280
	80,340	102,952
Interest income - trust deposits	41,985	57,359
	$ 38,355	$ 45,593

Interest expense on the Series B first mortgage debentures in the amount of $143,063 (1985 - $152,130) is included in operating expense in the statement of income and retained earnings.

Based on the cash flow of the Corporation for the year ended March 31, 1986, no interest payment on the income debenture will be paid in the next fiscal year.

7. Extraordinary Item:

The Corporation changed its accounting policy for developed lots held for resale and unleased industrial lots and buildings, from cost to net realizable value. As a result of the change in accounting policy, which has not been retroactively applied, developed lots held for resale decreased by $225,645 to $1 and land, buildings and equipment, less accumulated depreciation and cost recoveries decreased by $412,554 to $5,328,782 resulting in an extraordinary loss of $638,199.

8. Related Parties:

As previously noted, ownership of all issued shares of the Corporation is held by the Minister of Finance, Government of the Province of Manitoba. In addition to capital stock held, the long-term debt described in note 4 and the interest expense described in note 6, the Corporation has the following balances with the Government of the Province of Manitoba and its agencies reflected in these financial statements as at March 31:

	1986	1985
Trust deposits	$ 395,423	$ 444,877
Accounts receivable	6,039	81,191
Accounts payable	14,880	14,332

9. Guarantee:

On August 11, 1980, the Corporation entered into a guarantee of a lease obligation in the aggregate amount of $98,279 between Everton Enterprises Limited and First Canadian Leasing. The lease agreement provides for monthly payments of $1,488 for a term of 70 months maturing June 1986. The guarantee outstanding at March 31, 1986 is $4,465.

Manitoba

LE CENTRE CULTUREL FRANCO-MANITOBAIN

RAPPORT DU BUREAU DU VÉRIFICATEUR PROVINCIAL

Nous avons examiné les états financiers, les tableaux A, B, C, D, et E, de Le Centre culturel franco-manitobain pour l'année fiscale terminée le 31 mars 1986. Notre vérification a été faite selon les normes de vérification généralement reconnues et par conséquent a compris des sondages et d'autres procédures que nous avons jugées nécessaires dans les circonstances.

À notre avis, ces états financiers présentent fidèlement la situation financière de la corporation au 31 mars 1986 et les résultats de ses opérations pour l'année terminée à cette date conformément aux principes de comptabilité tels qu'énoncés dans la note 1 des états financiers et à la méthode de l'année précédente.

J. W. Singleton, C.A.,
Adjoint au vérificateur provincial.

Le 23 juin, 1986,
Winnipeg, Manitoba.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C, D, and E, of Le Centre Culturel Franco-Manitobain for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, C.A.,
Assistant Provincial Auditor.

June 23, 1986,
Winnipeg, Manitoba.

Tableau/Exhibit A

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Bilan
au 31 mars 1986

ACTIF	1986	1985
Actif à court terme:		
Encaisse	$ 16,828	75,591
Subventions à recevoir	23,085	2,232
Autres comptes à recevoir	30,916	31,634
Inventaire	10,437	7,198
Dépenses payées à l'avance	7,609	9,865
	$ 88,875	126,520

PASSIF		
Passif à court terme:		
Comptes à payer	$ 43,915	33,797
Dépôts pour loyers et dommages	6,600	3,600
Subventions reportées	3,750	46,743
	54,265	84,140
Fond:		
Fonds d'opérations courantes, tableau B (note 1)	27,512	28,324
Fonds pour projets spéciaux, tableau C (note 1)	7,098	14,056
	34,610	42,380
	$ 88,875	126,520

Tableau/Exhibit A

Balance Sheet
as at March 31, 1986

ASSETS	1986	1985
Current assets:		
Bank	$ 16,828	75,591
Grants receivable	23,085	2,232
Other accounts receivable	30,916	31,634
Inventory	10,437	7,198
Prepaid expenses	7,609	9,865
	$ 88,875	126,520
LIABILITIES		
Current liabilities:		
Accounts payable	$ 43,915	33,797
Rental and damage deposits	6,600	3,600
Unearned grants	3,750	46,743
	54,265	84,140
Fund:		
Operating fund account, Exhibit B (note 1)	27,512	28,324
Special projects fund account, Exhibit C (note 1)	7,098	14,056
	34,610	42,380
	$ 88,875	126,520

Tableau/Exhibit B

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Fonds pour opérations courantes
pour l'année se terminant le 31 mars 1986

	1986	1985
Transactions pour l'année:		
Fonctionnement général, tableau D	$ 432	2,557
Programmation culturelle, tableau E	(1,244)	(742)
Revenus excédents (sous) les dépenses	(812)	1,815
Solde au début de l'exercice	28,324	26,509
Solde à la fin de l'exercice, Tableau A	$ 27,512	28,324

Tableau/Exhibit B

Operating Fund Account
for the year ended March 31, 1986

	1986	1985
Transactions for the year:		
General Operations, Exhibit D	$ 432	2,557
Cultural Programs, Exhibit E	(1,244)	(742)
Revenues over (under) expenditures	(812)	1,815
Balance beginning of year	28,324	26,509
Balance end of year, Exhibit A	$ 27,512	28,324

Tableau/Exhibit C

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Fonds retenus pour projets spéciaux
pour l'année se terminant le 31 mars 1986

	1986	1985
Revenus:		
Gouvernement du Manitoba - Subventions	$ 30,000	
- Opérations Centre Ville	54,358	
Conseil Interculturel du Manitoba	15,700	
Subventions diverses	3,434	
Nevada - (revenu net; 1986 - 3,774$; 1985 - 973$)	6,711	7,991
Total des revenus	110,203	7,991
Dépenses:		
Rideaux Salle Pauline - Boutal	54,358	
Marquise	20,490	
Rénovations extérieures	15,685	
Activités communautaires variées	14,575	
Etude - allocation des fonds de loterie	7,000	
Rénovations boutique	5,053	
Total des dépenses	117,161	
	(6,958)	7,991
Solde au début de l'exercise	14,056	6,065
Solde à la fin de l'exercise, tableau A	$ 7,098	14,056

Tableau/Exhibit C

Special Projects Fund Account
for the year ended March 31, 1986

	1986	1985
Revenues:		
The Government of the Province of Manitoba - Grants	$ 30,000	
- Core Funding	54,358	
Manitoba Inter Cultural Council	15,700	
Grants - Miscellaneous	3,434	
Nevada (net of expenditures; 1986 - $3,774; 1985 - $973)	6,711	7,991
Total revenues	110,203	7,991
Expenditures:		
Stage curtains - Salle Pauline - Boutal	54,358	
Sign	20,490	
Exterior renovations	15,685	
Various community activities	14,575	
Study on Lottery Funding	7,000	
Boutique renovations	5,053	
Total expenditures	117,161	
Revenues over(under) expenditures	(6,958)	7,991
Balance beginning of year	14,056	6,065
Balance end of year, Exhibit A	$ 7,098	14,056

Tableau/Exhibit D

LE CENTRE CULTUREL FRANCO-MANITOBAIN

État des revenus et dépenses - Fonctionnement général pour l'année se terminant le 31 mars 1986

Revenus:	1986	1985
Gouvernement du Manitoba - subvention de base	$ 240,900	238,500
Gouvernement du Canada - Subvention	2,810	
Locations de salles (note 3)	90,326	81,716
Loyers des bureaux et restaurant (note 3)	26,937	31,847
Vente de concession	85,654	71,405
Intérêts	4,394	10,732
Photocopies	5,029	5,568
Commissions	2,976	5,104
Services techniques	8,567	7,657
Divers	6,092	686
Frais d'admission	5,240	
Total revenus	478,925	453,215

Dépenses:		
Salaires	$ 242,322	219,747
Chauffage, éclairage, eau	47,215	46,634
Réparation et entretien	45,075	41,284
Achats pour concession	33,982	34,136
Avantages sociaux des employés	16,907	16,035
Spectacle au foyer	13,578	7,696
Location d'équipement	12,336	10,179
Services du gymnase	11,239	20,785
Réunions et déplacements	8,141	5,850
Papèterie et dépenses de bureaux	6,613	6,697
Publicité	6,144	5,405
Equipement	6,040	8,415
Téléphone	5,735	4,919
Frais professionnels	3,759	3,960
Assurances et permis	3,586	3,371
Taxe provinciale sur salaires	3,483	3,171
Buanderie	3,348	3,040
Frais d'ordinateur	3,158	4,644
Frais bancaires et intérêts	2,240	2,090
Divers	2,206	1,921
Mauvaise créance	1,386	679
Total des dépenses	478,493	450,658
Revenus excédents les dépenses, tableau B	$ 432	2,557

Tableau/Exhibit D

Statement of Revenues and Expenditures - General Operations
for the year ended March 31, 1986

Revenues:	1986	1985
The Government of the Province of Manitoba - basic grant	$ 240,900	238,500
Government of Canada - grant	2,810	
Hall rentals (note 3)	90,326	81,716
Office and restaurant rentals (note 3)	26,937	31,847
Concession sales	85,654	71,405
Interest	4,394	10,732
Photocopies	5,029	5,568
Commissions	2,976	5,104
Technical services	8,567	7,657
Miscellaneous	6,092	686
Admissions	5,240	-
Total revenues	478,925	453,215

Expenditures:	1986	1985
Salaries	$ 242,322	219,747
Heat, light, water	47,215	46,634
Repairs and maintenance	45,075	41,284
Concession purchases	33,982	34,136
Employee benefits	16,907	16,035
Foyer entertainment	13,578	7,696
Equipment rental	12,336	10,179
Gymnasium services	11,239	20,785
Meetings and travel	8,141	5,850
Stationery and office expenses	6,613	6,697
Advertising	6,144	5,405
Equipment	6,040	8,415
Telephone	5,735	4,919
Professional fees	3,759	3,960
Insurance and permits	3,586	3,371
Health and Post Secondary Education Levy	3,483	3,171
Laundry	3,348	3,040
Computer rental and software	3,158	4,644
Bank charges and interest	2,240	2,090
Miscellaneous	2,206	1,921
Bad debt	1,386	679
Total expenditures	478,493	450,658
Revenues over expenditures, Exhibit B	$ 432	2,557

Tableau/Exhibit E

LE CENTRE CULTUREL FRANCO-MANITOBAIN

État des revenus et dépenses - Programmation culturelle
pour l'année se terminant le 31 mars 1986

	1986	1985
Revenus: (note 4)		
Subventions - Gouvernement du Canada (base)	$ 185,000	185,000
- Gouvernement du Canada (spéciaux)	6,458	48,354
- Autres groupes subventionnés par le Gouvernement du Canada	47,969	2,765
- Gouvernement du Manitoba	17,413	6,430
Frais d'administration - le 100 Nons	8,240	7,500
Admissions, cours, commissions et divers	67,797	71,072
Total des revenus	332,877	321,121
Dépenses: (note 4)		
Salaires	167,342	152,330
Salaires occasionnels et travaux à contrat	54,557	49,746
Publicité	31,142	24,177
Réunions et déplacements	17,242	11,369
Locations (note 3)	16,946	18,441
Location d'équipement et divers	12,426	14,522
Achats de matériel et dépenses de bureaux	11,984	25,712
Avantages sociaux des employés	10,639	10,575
Téléphone	4,397	3,871
Frais professionnels	2,575	2,700
Taxe provinciale sur salaires	2,430	2,150
Frais de cours et permis	1,876	2,822
Location de film	565	3,448
Total des dépenses	334,121	321,863
Revenus excédents (sous) les dépenses, tableau B	$ (1,244)	(742)

Tableau/Exhibit E

Statement of Revenues and Expenditures - Cultural Programs for the year ended March 31, 1986

	1986	1985
Revenues: (note 4)		
Government of Canada - basic grant	$ 185,000	185,000
Government of Canada - special grant	6,458	48,354
Grants and donations from agencies funded by the Government of Canada	47,969	2,765
The Government of the Province of Manitoba	17,413	6,430
Administration fees - le 100 Nons	8,240	7,500
Admissions, courses, commissions and miscellaneous	67,797	71,072
Total revenues	332,877	321,121
Expenditures: (note 4)		
Salaries	167,342	152,330
Casual help and contract work	54,557	49,746
Advertising	31,142	24,177
Meetings and travel	17,242	11,369
Rent (note 3)	16,946	18,441
Equipment rental and miscellaneous	12,426	14,522
Program materials and office expenses	11,984	25,712
Employee benefits	10,639	10,575
Telephone	4,397	3,871
Professional fees	2,575	2,700
Health and Post Secondary Education Levy	2,430	2,150
Course fees and permits	1,876	2,822
Film rentals	565	3,448
Total expenditures	334,121	321,863
Revenues over (under) expenditures, Exhibit B	$ (1,244)	(742)

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes aux etats financiers
le 31 mars 1986

1. Politique de comptabilité

   a) Les états financiers de la Corporation ont été préparés suivant la méthode de comptabilité d'exercice, sauf en ce qui concerne les acquisitions de capital de moindre et de grande importance qui sont considérées comme dépenses à l'année d'acquisition. Le tableau D reflète les acquisitions de capitale de moindre importance, achetées de l'opération générale et le tableau C reflète les acquisitions de capitale de grande importance achetées à travers une subvention spéciale de dépenses capitales du gouvernement Manitobain.

   b) Le fond général approuvé par la Corporation est utilisé pour les projets variés correspondants aux activités et aux objectifs du Centre culturel franco-manitobain. Celui-ci comprend le fond d`opérations courantes ainsi que le fond pour projets spéciaux. Par ailleurs, le fonctionnement général ainsi que la programmation sont reflétés dans le fond d`opérations courantes.

2. Un édifice à l'usage de Le Centre culturel franco-manitobain a été construit par la Province du Manitoba. Cet édifice est mis gratuitement à la disposition de la Corporation par le gouvernement Manitobain.

3. Afin de refléter plus exactement le coût de la "Programmation culturelle", la Corporation a entrepris d'inscrire comme dépenses de programmation, l'utilisation de ses propres locaux aux taux de 16,946$ (1985 - 18,441$) soit les taux couramment en vigueur et d'augmenter les revenus de fonctionnement général d'un montant égal.

4. Les transactions pour les programmes d'activités culturelles sont présentées au tableau E par la nature de la transaction. Ces transactions peuvent aussi être présentées sur la base d'activité ou de programme, comme suit:

	Revenus	Dépenses
Administration général	76,775$	76,311$
Coordination provinciale	7,250	7,059
Programmes d'information	51,708	50,714
Activités communautaires	47,539	48,227
Arts et métiers	40,883	42,631
Spectacles et cinéma	47,771	47,525
Projets spéciaux	60,951	61,654
	332,877$	334,121$

Notes to Financial Statements
March 31, 1986

1. Accounting Policies

   a) The Corporation's financial statements have been prepared using the accrual basis of accounting except for capital acquisitions which are recognized as expenditures in the year of acquisition. Exhibit D includes minor capital acquisitions purchased out of General Funds and Exhibit C reflects major capital acquisitions purchased with special capital grants from The Government of the Province of Manitoba.

   b) The Corporation classifies resources used for various purposes into separate Fund Accounts which correspond to its major activities and objectives. The Operating Fund Account is comprised of general operations and cultural programs.

2. The building being used for the purposes of Le Centre Culturel Franco-Manitobain has been constructed and is being made available to the Corporation at no charge by the Government of the Province of Manitoba.

3. To reflect more accurately the cost of "Cultural Programs", the Corporation has recorded the program utilization of facilities by charging rent of $16,946 (1985 - $18,441) to Cultural Programs expenditures at a rate normally charged to other users and has increased revenues of General Operations by an equal amount.

4. Transactions for cultural program activities have been presented in Exhibit E by nature of transaction. These transactions may also be presented on the basis of program or activity, as follows:

	Revenues	Expenditures
General program administration	$ 76,775	$ 76,311
Provincial co-ordination	7,250	7,059
Information program	51,708	50,714
Community activities	47,539	48,227
Arts and crafts program	40,883	42,631
Theatre and film program	47,771	47,525
Special projects	60,951	61,654
	$ 332,877	$ 334,121

Manitoba

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 to 3 of The Legal Aid Services Society of Manitoba for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the position of the Fund of The Legal Aid Services Society of Manitoba as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

June 20, 1986,
Winnipeg, Manitoba.

Exhibit A

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Fund
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Fund balance beginning of year	$ 22,427	$ 17,346
Excess of receipts over disbursements, Exhibit B	8,035	5,081
Fund balance end of year	$ 30,462	$ 22,427
Fund balance represented by:		
Cash on hand and in bank	$ 78,682	$ 270,225
Outstanding reimbursement from the Government of the Province of Manitoba (Note 2.a)	-	100,137
Cheques issued and outstanding (Note 2.a)	(48,220)	(347,935)
Fund balance end of year	$ 30,462	$ 22,427

Exhibit B

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Receipts and Disbursements for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Receipts:		
Government of the Province of Manitoba:		
Grants (Note 2.a)	$ 5,560,000	$ 5,398,434
Salaries and other payments	2,709,389	2,563,629
Legal assistance - Northern Community Councils (Note 3)	5,764	7,330
Government of Canada - grant re Public Interest Department	1,250	81,326
Contributions from clients	96,921	97,512
Recoveries - wards of agencies	64,778	64,611
- Public Interest Department	15,654	17,750
Judgement costs and settlements	34,926	31,748
Interest income	20,996	14,996
Other	19,628	7,663
Total receipts	8,529,306	8,284,999
Disbursements:		
Private bar fees and disbursements (Note 2.a):		
Legal aid certificates	4,743,243	4,600,590
Duty counsel services	61,839	61,350
	4,805,082	4,661,940
Community Law Centres, Schedule 1	2,516,699	2,408,228
Public Interest Department, Schedule 2	161,912	188,230
General and administrative, Schedule 3	1,031,814	1,014,190
Legal assistance - Northern Community Councils (Note 3)	5,764	7,330
Total disbursements	8,521,271	8,279,918
Excess of receipts over disbursements, Exhibit A	$ 8,035	$ 5,081

Schedule 1

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Community Law Centres
Schedule of Operating Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Advertising and information	$ 844	$ 657
Certificate disbursements	66,466	118,095
Duplicating services and supplies	29,158	21,511
Fly-in duty counsel program - travel	38,391	35,775
Furniture, equipment and leasehold improvements - net of disposals	10,044	12,721
Health and post secondary education tax levy	-	6,580
Library	21,607	20,770
Maintenance	12,700	15,202
Meetings and seminars	8,974	5,777
Office and postage	126,332	104,010
Office relocation	4,082	-
Rent	85,301	85,633
Salaries and benefits - professional	1,610,949	1,484,093
- clerical	364,537	354,279
Staff recruitment	1,907	9,202
Stationery and forms	3,833	2,854
Sundry	1,931	187
Telephone	61,072	59,961
Travel	53,659	55,085
Utilities	14,912	15,836
Total, Exhibit B	$ 2,516,699	$ 2,408,228

Schedule 2

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Public Interest Department
Schedule of Operating Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Expert witnesses and consultants	$ 33,422	$ 28,373
File disbursements	3,444	4,657
Health and post secondary education tax levy	-	871
Salaries and benefits	115,699	145,018
Sundry	5,309	5,565
Travel	4,038	3,746
Total, Exhibit B	$ 161,912	$ 188,230

Schedule 3

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Schedule of General and Administrative Expenses for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Advertising and information	$ 2,244	$ 1,068
Bank charges	6,240	4,680
Collections	4,005	3,721
Data processing	3,219	36,303
Directors' fees and expenses	19,959	20,047
Duplicating services and supplies	23,980	11,177
Evaluation study	7,500	-
Furniture, equipment and leasehold improvements - net of disposals	3,604	20,881
Health and post secondary education tax levy	-	3,051
Library	4,980	5,040
Maintenance	1,006	928
Meetings and seminars	5,082	2,506
Office and postage	67,301	68,024
Office relocation	-	4,227
Professional fees	10,880	14,978
Rent	65,832	56,169
Salaries, honoraria and benefits	742,136	705,774
Staff recruitment	2,467	154
Stationery and forms	24,471	18,482
Sundry	993	453
Telephone	23,502	25,594
Travel	9,345	8,166
Utilities	3,068	2,767
Total, Exhibit B	$ 1,031,814	$ 1,014,190

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Notes to Financial Statements
for the year ended March 31, 1986

1. Objective of the Society

The objective of the Society is to assist individuals, groups and organizations who, left to their own means, could not afford to retain the services of a lawyer. Clients may be charged a fee based on their ability to pay.

Legal aid may be furnished to groups and organizations involving matters of an interest common to members of the group and relating to issues of public interest such as, but not restricted to, consumer and environmental issues.

Legal aid may be provided to wards of agencies if they would otherwise be eligible for legal aid. The cost of the legal aid provided is recovered from the agencies.

2. Significant Accounting Policies

a) Cash Basis of Accounting

The Society presents its financial statements on a cash basis with the following exceptions:

i) The Society takes into receipts, grants received from the Government of the Province of Manitoba after the end of the fiscal year when these are paid by the Government out of funds voted for the year then ended.

ii) The Society records as disbursements, payments made after the end of the fiscal year of billings for private bar fees and disbursements, when these are reimbursed by the Government out of funds voted for the year then ended. The payments are included in cheques issued and outstanding shown in the Statement of Fund.

b) Fixed Assets

Fixed assets are charged to operations in the year acquired.

c) Pensions

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Society contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Society's employees amounted to $666,712 as at December 31, 1985 (1984 - $527,177).

3. Legal Assistance - Northern Community Councils

The Society administers an agreement between the Government of the Province of Manitoba, Department of Northern Affairs, and a private legal counsel regarding provision of legal advice and service to the Northern Association of Community Councils pursuant to the Northern Flood Agreement. The Society reviews and processes for payment the billings of the legal counsel and is reimbursed by the Government of the Province of Manitoba.

4. Certificate Holdbacks

Acting under the authority of Manitoba Regulations 106/72 and 112/81, the Society's Board of Directors established holdbacks in respect of legal aid certificates approved during the years ended March 31, 1979 and March 31, 1980. The holdbacks are applicable regardless of when the billings for services are rendered. The holdbacks amounted to $860 for the year ended March 31, 1986 (1985 - $ 1,428).

5. General and Administrative Expenses

General and administrative expenses incurred to provide services of the Public Interest Department and the Society's other programs are reflected in the Schedule of General and Administrative Expenses. Subsequent to the final payment in April 1984 of the health and post secondary education tax levy for the prior fiscal year, the levy was paid by The Civil Service Commission, Province of Manitoba and accordingly is not reflected in the financial statements.

6. Significant Commitments, Liabilities and Receivables

	March 31	
	1986	1985
Estimated total commitments for future billings on outstanding legal aid certificates	$ 4,230,000	$ 3,498,000
Approximate liability for legal aid certificate billings received but unpaid	$ 362,000	$ 493,000
Approximate liability for duty counsel billings received but unpaid	3,500	3,000
Approximate liability for unpaid general and administrative, Community Law Centre and Public Interest Department operating expenses	75,000	84,000
	$ 440,500	$ 580,000
Approximate accounts receivable respecting contributions, recoveries and judgements (without allowance for doubtful accounts)	$ 161,000	$ 143,000

7. Comparative Figures

Certain comparative figures on the financial statements have been restated to conform with the presentation of the current year.

Manitoba

THE LIQUOR CONTROL COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Liquor Control Commission as at March 31, 1986 and the statements of profit and loss and cash flow and the schedule of sales, cost of sales and gross profit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations and its cash flow for the year then ended in accordance with accounting principles as disclosed in note 1 applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

June 27, 1986,
Winnipeg, Manitoba.

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

BALANCE SHEET
AS AT MARCH 31, 1986
($000's)

ASSETS

	1986	1985
Current Assets:		
Cash on hand and in banks	$ 6,018	$ 3,503
Accounts receivable - claims and other	231	408
Inventory (Note 2)	13,940	13,070
Prepaid expenses and supplies	265	268
	$20,454	$17,249

LIABILITIES

	1986	1985
Current Liabilities:		
Net profit payable to the Province of Manitoba	$ 5,224	$ 3,472
Accounts payable - trade and other	8,740	7,593
Manitoba Retail Sales Tax payable	1,767	1,464
Deferred licence fees	223	220
	15,954	12,749
Non-interest bearing working capital advance provided by the Province of Manitoba	4,500	4,500
	$20,454	$17,249

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 1986
($000's)

	1986	1985
Sales:		
Stores and liquor vendors (Note 3)	$177,030	$171,811
Licensees	160,341	155,006
	337,371	326,817
Cost of Sales:		
Stores, liquor vendors, licensees	96,906	92,031
Beer purchases for licensees	85,112	85,094
	182,018	177,125
Gross profit	155,353	149,692
Other income (Note 4)	5,779	7,438
	161,132	157,130
General and Administrative Expenses:		
Salaries and benefits	13,429	13,131
Superannuation	900	767
Alterations, maintenance and repairs	407	446
Audit, legal and other professional fees	52	67
Cleaning and caretaking	425	448
Corporation capital tax	11	10
Delivery charges	1,041	930
Equipment rentals (Note 6)	313	365
Grants in lieu of taxes	468	454
Health and post secondary education tax levy	194	190
Informational programs	147	152
Insurance	15	11
Leased premises - rentals (Note 6)	1,724	1,562
Light, heat, power and water	413	423
Photo ID program	31	20
Printing, postage and stationery	298	307
Product Analysis	83	-
Protective services	144	120
Staff training	48	33
Telephones	145	135
Travelling	194	174
Wrapping supplies	264	287
Miscellaneous	104	84
Board of Commissioners - salaries and expenses	55	48
Licensing Board - salaries and expenses	42	42
	20,947	20,206
Operating profit before fixed assets charged to operations	140,185	136,924
Fixed assets charged to operations (Notes 1 and 5)	761	952
Net profit paid or payable to the Province of Manitoba	$139,424	$135,972

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1986
($000's)

	1986	1985
Cash Receipts:		
Sales - spirits, wine, beer	$337,371	$326,817
Annual and supplementary licence fees and other	5,678	7,405
Manitoba Retail Sales Tax	20,820	20,081
	363,869	354,303
Cash Disbursements:		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	181,568	177,153
General and administrative expenses	20,843	19,908
Fixed assets charged to operations	754	878
Manitoba Retail Sales Tax	20,517	20,000
	223,682	217,939
Net cash available for transfer	140,187	136,364
Transfers to Minister of Finance:		
Current year profit	134,200	132,500
Prior year profit	3,472	2,803
	137,672	135,303
Excess of receipts over disbursements/transfers	$ 2,515	$ 1,061
Represented by increase in cash in bank:		
Cash on hand and in bank April 1	$ 3,503	$ 2,442
Add excess of receipts over disbursements/transfers	2,515	1,061
Cash on hand and in bank March 31	$ 6,018	$ 3,503

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

SCHEDULE OF SALES, COST OF SALES AND GROSS PROFIT
FOR THE YEAR ENDED MARCH 31, 1986
($000's)

	Spirits	Wine	Beer	Total
Sales:				
Stores and liquor vendors	$130,430	$ 33,026	$ 13,574	$177,030
Licensees	25,457	7,804	127,080	160,341
Total Sales for 1986	$155,887	$ 40,830	$140,654	$337,371
Total Sales for 1985	$149,855	$ 38,464	$138,498	$326,817
Cost of Sales:				
Stores, liquor vendors, licensees	$ 67,624	$ 21,334	$ 7,948	$ 96,906
Beer purchases for licensees	-	-	85,112	85,112
Total Cost of Sales for 1986	$ 67,624	$ 21,334	$ 93,060	$182,018
Total Cost of Sales for 1985	$ 64,887	$ 19,422	$ 92,816	$177,125
Gross Profit for 1986	$ 88,263	$ 19,496	$ 47,594	$155,353
Gross Profit for 1985	$ 84,968	$ 19,042	$ 45,682	$149,692
Gross Profit as a Percentage of Sales for 1986	56.6	47.7	33.8	46.0
Gross Profit as a Percentage of Sales for 1985	56.7	49.5	33.0	45.8

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1986
($000's)

1. ACCOUNTING POLICIES

The Commission follows generally accepted accounting principles with the following modifications:

a. Fixed Assets

Fixed assets are charged to operations in the year acquired.

b. Pensions

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $13,065 as at December 31, 1985 (1984 - $12,074).

2. INVENTORY AT COST

Inventory is composed of:

	1986	1985
In bond merchandise	$ 7,782	$ 6,733
Duty paid merchandise	6,158	6,337
	$ 13,940	$ 13,070

The amount of unpaid Customs, Excise duties and Sales tax on owned merchandise held in bond was approximately $5,132 at March 31, 1986 (1985 - $4,118).

3. SALES - STORES AND LIQUOR VENDORS

	1986	1985
Sales to liquor vendors	$ 32,208	$ 30,171
Volume discounts	(2,452)	(2,341)
	29,756	27,830
Store sales	147,274	143,981
	$177,030	$171,811

4. OTHER INCOME

	1986	1985
Supplementary licence fees:		
Licensees	$ 4,038	$ 3,640
Brewers	728	2,409
Miscellaneous	409	759
Occasional permits, etc.	340	347
Annual licence fees	244	230
Commission for collecting Manitoba Retail Sales Tax	2	33
Licence application fees	16	14
Disposal of fixed assets	2	6
	$ 5,779	$ 7,438

5. FIXED ASSETS

	1986	1985
Fixed assets charged to operations:		
Equipment and furnishings	$337	$412
Leasehold Improvements	282	306
Land and buildings	16	90
Automobiles	74	76
Systems Development	52	68
	$761	$952

6. LONG-TERM LEASES

a. The Commission leases its head office and 13 other buildings from the Government of the Province of Manitoba for the nominal sum of two dollars effective August 1, 1985, for a period of 99 years.

b. The Commission leases another 37 buildings. Leases have expiry dates ranging from 1986 to 2004.

The future minimum lease payments for each of the next five years are as follows:

Year Ending March 31	
1987	$1,191
1988	1,210
1989	1,156
1990	1,047
1991	921

c. The Commission leases Hewlett-Packard computer equipment. Leases on the Hewlett-Packard computer equipment have expiry dates ranging from 1987 to 1990.

The future minimum lease payments for each of the years to the expiry of the contracts are as follows:

Year Ending March 31	
1987	$224
1988	169
1989	155
1990	100

7. MANITOBA RETAIL SALES TAX

In addition to the net profit of $139,424, the Commission remitted Manitoba Retail Sales Tax of $20,517 (1985 - $20,000).

8. COMPARATIVE FIGURES

Prior year's comparative figures have been restated to conform to the classifications adopted for the fiscal year ended March 31, 1986.

Manitoba

MANFOR LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manfor Ltd. as at December 31, 1985 and the statements of operating deficit, operations and changes in financial position for the fifteen month period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As explained in Note 1c), in view of the time elapsed since the charges were incurred and the modernization project completed during the period, the Company has decided to write off the balance of the deferred charges of $5,098,000 acquired from the Receiver in March, 1973. This is appropriate. The write off is disclosed in the Statement of Operating Deficit, however, generally accepted accounting principles require such write offs to be reflected in the Statement of Operations before the transfer of the net loss for the period to the Statement of Operating Deficit.

In our opinion, except for the exclusion of the write off of the deferred charges from the Statement of Operations as described in the preceding paragraph, these financial statements present fairly the financial position of the Company as at December 31, 1985 and the results of its operations and the changes in its financial position for the fifteen month period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, C.A.,
Provincial Auditor.

May 11, 1986,
Winnipeg, Manitoba.

Statement 1

MANFOR LTD.

BALANCE SHEET
AS AT DECEMBER 31, 1985
(with comparative figures at September 30, 1984)

ASSETS

	1985	1984
	(Thousands of Dollars)	
CURRENT		
Cash	$ 699	$ --
Accounts receivable - note 2	9,888	13,589
Inventories - notes 1 and 4	24,328	19,763
Prepaid expenses	1,211	854
	36,126	34,206
LONG TERM RECEIVABLES - note 3	1,006	53
FIXED - notes 1 and 5		
Land, buildings, machinery, roads, logging facilities and equipment	150,197	122,835
Rental housing properties	2,030	1,903
	152,227	124,738
Less accumulated depreciation	52,817	53,030
	99,410	71,708
DEFERRED CHARGES - note 1		
Start-up and development costs	--	11,381
Less accumulated amortization	--	6,283
	--	5,098
	$136,542	$111,065

Statement 1

LIABILITIES

	1985	1984
	(Thousands of Dollars)	
CURRENT		
Bank indebtedness - note 6	$ 948	$ 2,585
Accounts payable and accrued liabilities	8,330	13,021
Current portion of mortgages payable	53	33
	9,331	15,639
LONG TERM DEBT - note 7	1,096	1,188
	10,427	16,827

SHARE CAPITAL AND DEFICIT

SHARE CAPITAL - note 8	252,342	184,020
OPERATING DEFICIT	(126,227)	(89,782)
	126,115	94,238
	$136,542	$111,065

Statement 2

MANFOR LTD.

STATEMENT OF OPERATING DEFICIT
FOR THE PERIOD ENDED DECEMBER 31, 1985

(with comparative figures for the year ended September 30, 1984)

	1985	1984
	(Thousands of Dollars)	
BALANCE, BEGINNING OF PERIOD	$ 89,782	$ 80,395
Write-off start-up and development costs - note 1	5,098	
Net Loss for the Period	31,347	9,387
BALANCE, END OF PERIOD	$ 126,227	$ 89,782

Statement 3

MANFOR LTD.

STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED DECEMBER 31, 1985

(with comparative figures for the year ended September 30, 1984)

	1985	1984
	(Thousands of Dollars)	
SALES		
Pulp & paper	$ 69,653	$ 67,549
Lumber	4,192	5,495
Other	850	649
	74,695	73,693
EXPENSES		
Cost of sales	73,670	58,456
Selling expenses	10,437	10,271
General & administrative	12,673	8,652
	96,780	77,379
OPERATING LOSS	22,085	3,686
OTHER EXPENSES		
Interest	785	146
Depreciation - note 1	8,531	5,559
Gain on sale of fixed assets	(54)	(4)
	9,262	5,701
NET LOSS FOR THE PERIOD	$ 31,347	$ 9,387

Statement 4

MANFOR LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 1985

(with comparative figures for the year ended September 30, 1984)

	1985	1984
	(Thousands of Dollars)	
SOURCE OF FUNDS		
Proceeds from sale of fixed assets	$ 306	$ 229
Assumption of mortgage payable	--	32
Proceeds from government grants	5,877	4,315
Reduction in long term receivables	53	154
Province of Manitoba		
Issue of preferred shares	68,322	24,000
	74,558	28,730
APPLICATION OF FUNDS		
Applied to operations (net loss except for depreciation and gain on sale of fixed assets)	22,870	3,832
Additions to fixed assets	42,361	24,209
Decrease in mortgage payable	93	32
Increase in long term receivable - Government grant	1,006	--
	66,330	28,073
INCREASE IN WORKING CAPITAL	8,228	657
WORKING CAPITAL, BEGINNING OF PERIOD	18,567	17,910
WORKING CAPITAL, END OF PERIOD	$26,795	$ 18,567
Represented by		
Current assets	$ 36,126	$ 34,206
Current liabilities	9,331	15,639
	$26,795	$ 18,567

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1985

(with comparative figures for the year ended September 30, 1984)

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Company.

a. Inventories

Inventories are valued using the following methods:

Log inventories - lower of cost and net realizable value

Work in process (pulp chips, pulp, and lumber) - lower of cost and net realizable value

Finished goods (pulp, paper, and lumber) - lower of cost and net realizable value

Mill stores, chemicals, fuel, and other supplies - lower of cost and replacement cost

Cost is generally determined on an average cost basis.

b. Depreciation

Depreciation is being applied on the following basis:

Fixed assets, except those pertaining to the Woodlands and Real Estate Divisions and all mobile equipment, are depreciated on a straight-line pooled basis over twenty years. The cost of fixed assets removed, less recovery from disposal proceeds, is charged to accumulated depreciation. During the period, $8,250,000 of fixed assets were so removed. Capitalized start-up developments costs relative to the modernization are amortized over ten years. Gains and losses incurred on the disposal of fixed assets pertaining to the Woodlands and Real Estate Divisions and mobile equipment are credited or charged to operations.

Woodlands Division

Camp buildings - Straight-line over ten years

Logging equipment - Hours used related to estimated total useable hours

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Roads & railspurs	- Timber delivered to the millsite related to estimated total yield of area serviced
Other equipment	- Straight-line over three to twenty years
Real Estate Division:	
Rental housing properties	- Straight-line over forty years
Mobile Equipment	- Hours used related to estimated total useable hours.

c. Deferred Charges
Deferred charges consist of start-up and development costs of $11,381,000 being net expenditures by the Receiver on operations during receivership exclusive of depreciation charges and interest charges by the Manitoba Development Corporation. The Company established a policy of writing off the deferred charges to the extent of income available in each year and there was a balance to be written off of $5,098,000. In view of the time elapsed since the charges were incurred, and the modernization project completed during the period, the Company decided to write off this balance.

d. Foreign Exchange
Current assets and liabilities of the Company expressed in United States dollars are translated into Canadian dollars at the rate of exchange on the balance sheet date. The resulting net gain or loss is reflected in operations.

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1985

2. ACCOUNTS RECEIVABLE

	1985	1984
	(Thousands of Dollars)	
Trade	$ 8,883	$ 8,726
Due from Receiver	117	117
Other	888	444
Current portion of long term receivable	--	121
Government of Canada, D.R.I.E. accrued portion	--	4,181
	$ 9,888	$13,589

3. LONG TERM RECEIVABLES

According to the terms of an agreement with the Government of Canada, Department of Regional Industrial Expansion, the amount of $1,005,812 is receivable in 1987, subject to certain conditions.

4. INVENTORIES

Inventories consist of the following:

	1985	1984
	(Thousands of Dollars)	
Raw materials	$10,356	$ 8,330
Work in process	3,275	977
Finished goods	2,746	3,585
Mill stores, chemicals, fuel, and other supplies	7,951	6,871
	$24,328	$19,763

5. FIXED ASSETS

Land, buildings, machinery, roads, logging facilities and equipment, except the machinery plant, were valued on the basis of inventoried expenditures to the date of receivership, January 7, 1971, amounting to $64,753,000, including a reasonable assessment for engineering and supervision fees and interest charges. The Engineering Division fixed assets were valued at $500,000 on the

5. FIXED ASSETS (cont.)

basis of an estimated useful value to the integrated operations at January 7, 1971. Subsequent fixed asset additions and construction in progress as at December 31, 1985, have been recorded at cost. The Company has deducted government grants received or receivable from the cost of fixed assets acquired. These grants aggregated $22,500,000 as at December 31, 1985. The major project for the modernization of the pulp and paper mill and the sawmill was completed during the period. Expenditures on the project to December 31 1985, total $56,500,000 including start-up development costs relative to the modernization of $5,300,000.

6. BANK INDEBTEDNESS

	1985	1984
	(Thousands of Dollars)	
Bank loan	$ 948	$ 900
Bank overdraft	--	1,685
	$ 948	$ 2,585

The Company's bank indebtedness is secured by inventories, a general assignment of accounts receivable, assignment of D.R.I.E. grant proceeds, and an assignment of fire insurance on inventories.

7. LONG TERM DEBT

	1985	1984
	(Thousands of Dollars)	
Mortgages payable on rental properties with interest rates from 6.75% to 10% maturing 1986 to 2006	$ 1,149	$ 1,221
Less current portion	53	33
	$ 1,096	$ 1,188

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1985

8. SHARE CAPITAL

The Company is wholly-owned by the Province of Manitoba and is incorporated under the authority of The Manitoba Natural Resources Development Act.

Shares Authorized:

Common Shares:

Unlimited number of shares of $1 par value.

Preferred Shares:

Class "A"

Unlimited, non-participating, non-voting, carrying a non-cumulative dividend entitlement of 7%, redeemable at $1 per share.

Class "B"

Unlimited, retractable, non-voting, carrying a cumulative dividend entitlement of 11%, redeemable at $1 per share.

Shares Issued:

Common shares at September 30, 1984, and December 31, 1985	$ 20,000,000
Class "A" preferred shares at September 30, 1984	155,020,000
Add: Issued during the fiscal period to the Province of Manitoba for additional funding	38,803,028
Class "A" preferred shares at December 31, 1985	$193,823,028

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1985

8. SHARE CAPITAL (cont.)

Class "B" preferred shares at September 30, 1984	9,000,000
Add: Issued during the fiscal period to the Province of Manitoba for additional funding	29,519,000
Class "B" preferred shares at December 31, 1985	$ 38,519,000
Total shares issued at December 31, 1985	$252,342,028

The arrears of dividends on the Class "B" preferred shares at December 31, 1985, was $4,689,114.

Subsequent to the year end, an additional $6,300,000 of Class "A" preferred shares were issued for cash.

10. UNFUNDED ACTUARIAL LIABILITY

The pension plan for hourly paid employees represented by the Canadian Paperworkers Union was amended effective December 1, 1983, to increase monthly pension benefits. On the basis of an actuarial valuation, this benefit improvement created an unfunded liability at December 31, 1983, of $207,913, which will be funded by annual installments of $19,976 for each of the years 1984 to 2000 in accordance with The Pension Benefits Act.

11. ECONOMIC DEPENDENCE

The Company is economically dependent on the Government of the Province of Manitoba.

12. COMPARATIVE FIGURES

The year end of the Company has been changed to December 31. As a consequence, the figures shown for 1985 are for a fifteen month period as compared with the twelve month period to September 30, 1984.

Manitoba

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

June 19, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

The Agricultural Credit Corporation Act

	1986	1985
Cash:		
On hand and in bank	$ 66,283	$ -
On deposit with the Minister of Finance	2,171,665	2,977,919
	2,237,948	2,977,919
Accounts receivable:		
Rent	130,616	263,138
Sale of real estate	58,163	169
Conditional incentive grants and accrued interest	22,493	35,728
Other	6,084	11,477
	217,356	310,512
Stocker program advances receivable (Note 3)	1,893,486	1,683,103
Mortgages, chattels and agreements for sale receivable (Note 4)	206,470,792	195,738,672
Promissory notes receivable (Note 5)	958,986	1,458,270
Security agreements receivable (Note 6)	3,766,757	3,424,134
Real estate (Note 8)	9,699,663	7,803,946
Unamortized debt discount and expense	62,075	68,442
	225,307,063	213,464,998
Part III of The Fisheries Act		
Cash on deposit with the Minister of Finance	104,869	300,914
Prepaid expenses	1,379	931
Loans receivable, less allowance for doubtful accounts of $335,734 (1985 - $280,223)	3,643,559	3,227,097
	3,749,807	3,528,942
	$ 229,056,870	$ 216,993,940

Exhibit A

LIABILITIES AND RESERVE (DEFICIT)

The Agricultural Credit Corporation Act

	1986	1985
Excess of outstanding cheques over bank balance	$ -	$ 124,679
Accounts payable:		
The Province of Manitoba	670,563	660,122
Other	2,592,544	2,071,924
	3,263,107	2,856,725
Advances from the Province of Manitoba (Note 9 a))	226,751,303	207,705,884
Deficit account (Note 10):		
Balance at beginning of year	2,902,389	2,902,389
Excess of expenditure over revenue, Exhibit B	(7,609,736)	-
Balance at end of year	(4,707,347)	2,902,389
	225,307,063	213,464,998

Part III of The Fisheries Act

	1986	1985
Accounts payable	21,518	653
Advances from the Province of Manitoba (Note 9 b))	3,700,000	3,500,000
Reserve for Working Capital:		
Balance at beginning and end of year	28,289	28,289
	3,749,807	3,528,942
	$ 229,056,870	$ 216,993,940

Exhibit B

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$ 22,147,694	$ 19,653,067
Promissory notes	245,178	314,130
Stocker program	253,095	158,964
Security agreements	333,990	330,415
Cash on deposit with the Minister of Finance	8,192	6,869
Term deposits with the Minister of Finance	516,511	358,599
Real estate (Note 12)	1,077,446	997,778
Other	21,688	22,208
	24,603,794	21,842,030
Expenditure:		
Administration, Schedule 1	7,557,530	7,239,987
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	24,390,530	22,425,795
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	5,059,594	7,823,752
	19,330,936	14,602,043
Total expenditure	26,888,466	21,842,030
Excess of expenditure over revenue before refund to the Government of the Province of Manitoba (Note 10)	2,284,672	-
Refund to the Government of the Province of Manitoba - allowances for doubtful accounts (Note 10)	5,325,064	-
Excess of expenditure over revenue	$ 7,609,736	$ -

The accompanying notes are an integral part of these financial statements.

Exhibit C

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Part III of The Fisheries Act
Statement of Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Interest:		
Loans	$ 435,698	$ 417,378
Grant from the Province of Manitoba re administration costs (Note 2 b))	379,600	379,600
	815,298	796,978
Expenditure:		
Administration costs:		
Salaries	281,589	243,932
Audit fees	6,980	6,780
Bad debts (Note 7)	72,190	63,763
Collection expenses	636	47
Corporation capital tax	170	170
Data processing	6,387	5,916
Employee benefits	15,240	14,496
Furniture and fixtures	-	1,839
Health and post secondary education tax levy	3,275	3,131
Miscellaneous	160	58
Postage	1,768	1,792
Rental of office premises	4,232	4,378
Stationery, supplies and equipment rentals	5,923	4,605
Telephone	9,101	8,012
Travelling	26,197	23,345
Workers compensation	1,389	1,126
Relocation expenses	3,907	-
	439,144	383,390
Financing charges:		
Interest on advances from the Province of Manitoba	376,154	413,588
	815,298	796,978
Excess of revenue over expenditure	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Exhibit D

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Receipts and Disbursements
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Receipts:		
Advances from the Province of Manitoba	$ 37,836,900	$ 29,600,000
Province of Manitoba - Interest reduction program (Note 11)	6,030,665	4,655,225
Collections on account of mortgages, chattels and agreements for sale:		
Principal	12,636,384	11,123,836
Interest (Note 11)	15,960,656	18,160,133
Other charges	677,764	688,068
	29,274,804	29,972,037
Collections on account of promissory notes:		
Principal	378,877	435,880
Interest (Note 11)	237,902	349,597
	616,779	785,477
Collections on account of stocker program advances receivable:		
Principal	2,350,133	1,365,904
Interest	243,436	138,731
	2,593,569	1,504,635
Collections on account of security agreements receivable:		
Principal	8,782,478	7,441,107
Interest	346,548	292,095
	9,129,026	7,733,202
Collections on account of Manitoba Interest Rate Relief Program (Note 15)		
Principal	294,340	117,767
Interest	102,905	31,465
	397,245	149,232
Interest:		
On cash on deposit with the Minister of Finance	8,192	6,869
On term deposits with the Minister of Finance	516,511	358,599
	524,703	365,468
Carried forward	$ 86,403,691	$ 74,765,276

Exhibit D

	1986	1985
Disbursements:		
Mortgages and agreements for sale	$ 22,722,195	$ 27,987,357
Promissory notes	10,009	74,827
Stocker program	2,710,587	2,147,180
Land and building, purchases	72,146	16,274
Security agreements	9,193,846	7,580,881
Sundry charges on account of mortgages	724,836	694,431
Taxes charged on land leasing	144,670	169,073
Young farmer rebates	2,122,356	2,218,312
Payments to farmers - Interest reduction program (Note 11)	3,695,882	2,954,678
Refund to the Government of the Province of Manitoba - allowances for doubtful accounts (Note 10)	5,325,064	-
Financing charges paid to the Province of Manitoba: Interest on advances and service charges, net	19,306,892	14,573,074
Payment to Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 15)		
Principal	267,252	117,406
Interest	87,823	27,609
	355,075	145,015
Carried forward	$ 66,383,558	$ 58,561,102

Exhibit D

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Receipts and Disbursements
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Receipts:		
Brought forward	$ 86,403,691	$ 74,765,276
Proceeds from term deposits	19,850,000	19,450,000
Proceeds from sale of real estate	254,711	1,341,574
Collections on account of land leasing	826,141	701,387
Collections on account of livestock incentive grants	3,637	14,593
Administration costs - Manitoba Interest Rate Relief Program (Note 15)	36,038	44,892
Miscellaneous	486,132	248,692
Trust account:		
Insurance claim proceeds	71,471	32,232
Total cash receipts	107,931,821	96,598,646
Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year	2,853,239	2,007,973
	$ 110,785,060	$ 98,606,619

The accompanying notes are an integral part of these financial statements.

Exhibit D

	1986	1985
Disbursements:		
Brought forward	$ 66,383,558	$ 58,561,102
Repayment of capital advances to the Province of Manitoba	18,791,481	14,210,908
Purchase of term deposits	19,850,000	19,450,000
Administration costs	3,457,971	3,361,114
Miscellaneous	25,039	138,024
Trust account:		
Other	39,063	32,232
Total cash disbursements	108,547,112	95,753,380
Cash on hand, in bank, less overdraft, and on deposit with the Minister of Finance at end of year	2,237,948	2,853,239
	$ 110,785,060	$ 98,606,619

Exhibit E

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Part III of The Fisheries Act
Statement of Receipts and Disbursements
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Receipts:		
Province of Manitoba:		
Advances	$ 200,000	$ 200,000
Grant re administration costs	379,600	379,600
	579,600	579,600
Collections on account of loans:		
Principal	2,648,395	2,684,214
Interest	415,871	418,874
	3,064,266	3,103,088
Miscellaneous	669	-
Proceeds from sale of chattels	-	3,500
Total cash receipts	3,644,535	3,686,188
Cash on deposit with the Minister of Finance at beginning of year	300,914	43,170
	$ 3,945,449	$ 3,729,358
Disbursements:		
Loans	$ 3,117,228	$ 2,696,207
Administration costs	347,198	318,649
Interest on advances from the Province of Manitoba	376,154	413,538
Total cash disbursements	3,840,580	3,428,444
Cash on deposit with the Minister of Finance at end of year	104,869	300,914
	$ 3,945,449	$ 3,729,358

The accompanying notes are an integral part of these financial statements.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Schedule of Administration Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Salaries	$ 1,514,551	$ 1,415,930
Advertising	46,397	30,801
Audit fees	27,920	27,120
Bad debts (Notes 2 c) and 7):		
- promissory notes	84,889	285,751
- mortgages, chattels and agreements for sale	3,052,407	2,932,048
- stocker program	158,457	39,265
- land lease program	292,901	209,893
- security agreements	51,193	5,188
Collection expenses	4,002	6,011
Corporation capital tax	17,414	15,606
Data processing	56,337	42,332
Directors' fees and expenses	19,921	24,301
Ear tags	22,587	5,093
Employee benefits	134,502	111,721
Guaranteed loan losses	1,435,568	1,640,476
Insurance	2,635	858
Health and post secondary education tax levy	23,229	21,553
Messenger service	3,856	5,563
Miscellaneous	1,589	2,449
Office furniture and equipment	98,521	35,084
Office rental, cleaning, light and power	77,497	75,538
Postage	24,963	25,273
Professional fees	10,275	3,600
Property taxes	112,223	71,714
Real estate maintenance	26,127	7,260
Relocation expenses	11,599	8,036
Stationery, office supplies and equipment rental	51,398	44,840
Telephone	37,384	26,705
Travelling	146,976	111,910
Workers compensation	10,212	8,068
Total administration expenditure, Exhibit B	$ 7,557,530	$ 7,239,987

The accompanying notes are an integral part of these financial statements.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Notes to the Financial Statements
for the year ended March 31, 1986

1. The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

   The Corporation carries out the following programs:

   i) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

   ii) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

   and the Corporation accounts for each of these programs separately.

2. Significant accounting policies of the Corporation are as follows:

   a) The Corporation operates on the accrual basis of accounting except for the following:

      i) Equipment and office furniture are charged to operations in the year of acquisition.

      ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

      iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $1,375,146 at December 31, 1985 (1984 - $1,224,145).

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province from its appropriations.

   c) Allowances for doubtful accounts

      The allowances are determined on an individual account basis and relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 7. Actual losses on loans and accounts receivable are charged to the appropriate allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. Stocker program advances receivable consisted of the following at March 31:

	1986	1985
Renewable interest bearing advances, 18 month term	$ 1,999,967	$ 1,757,356
Interest free advances, 12 month term, discontinued in 1975-76	20,695	19,051
Interest bearing advances under programs discontinued in 1974-75	13,149	12,179
Accrued interest	97,379	66,888
	2,131,190	1,855,474
Less: allowance for doubtful accounts	237,704	172,371
	$ 1,893,486	$ 1,683,103

4. A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due and payable is as follows:

Receivable Within:	1986	1985
1 year		
Accrued interest	$ 12,480,327	$ 11,673,041
Arrears	7,729,977	5,973,973
Prepayments	(5,572,540)	(4,807,439)
Regular instalments	5,314,110	4,669,240
	19,951,874	17,508,815
2 years - regular instalments	5,746,612	4,983,084
3 years - regular instalments	5,859,894	5,376,034
4 years - regular instalments	6,046,861	5,386,287
5 years - regular instalments	6,427,462	5,491,408
Over 5 years - regular instalments	168,382,596	160,837,285
	212,415,299	199,582,913
Less: allowance for doubtful accounts	5,944,507	3,844,241
	$ 206,470,792	$ 195,738,672

5. Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable Within:	1986	1985
1 year		
Accrued interest	$ 134,748	$ 173,339
Arrears	729,389	856,117
Prepayments	(70,976)	(87,450)
Regular instalments	245,590	344,127
	1,038,751	1,286,133
2 years - regular instalments	175,205	275,605
3 years - regular instalments	134,145	189,589
4 years - regular instalments	97,487	141,658
5 years - regular instalments	88,660	101,533
Over 5 years - regular instalments	312,188	412,242
	1,846,436	2,406,760
Less: allowance for doubtful accounts	887,450	948,490
	$ 958,986	$ 1,458,270

6. Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $3,823,138 (1985 - $3,429,322) less the allowance for doubtful accounts of $56,381 (1985 - $5,188). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

At March 31, 1986, accrued interest of $130,892 (1985 - $144,083) and arrears of $196,935 (1985 - $311,516) are included in the total security agreements receivable.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Notes to the Financial Statements
for the year ended March 31, 1986

7. Asset account balances are shown net of the following allowances for doubtful accounts (Note 2c)):

Asset	Allowance March 31/85	Adjustment Required 1985/86	Accounts Written-Off 1985/86	Required Allowance March 31/86
a) The Agricultural Credit Corporation Act				
Accounts receivable - rent	$ 354,774	$ 292,901	$ 163,500	$ 484,175
Stocker program	172,371	158,457	93,124	237,704
Mortgages, chattels and agreements	3,844,241	3,052,407	952,141	5,944,507
Promissory notes	948,490	84,889	145,929	887,450
Security agreements	5,188	51,193	-	56,381
	$ 5,325,064	$ 3,639,847	$ 1,354,694	$ 7,610,217
b) Part III - The Fisheries Act				
Loans receivable	$ 280,223	$ 72,190	$ 16,679	$ 335,734

8. Real estate consists of purchases for the land lease program, at cost, and foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values. Approximately 97% of this real estate has been leased, 90% of which is subject to an option to purchase.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Notes to the Financial Statements
for the year ended March 31, 1986

9. The advances from the Province of Manitoba consisted of the following at March 31:

	1986	1985
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest instalments:		
Rates range from 7.5% to 13.625%	$ 207,901,303	$ 188,855,884
Advances repayable at maturity:		
11% due May 1, 1989	10,000,000	10,000,000
12.74% due March 3, 2000	8,850,000	8,850,000
	$ 226,751,303	$ 207,705,884
Maturities of principal by fiscal year are as follows:		
1986	$ -	$ 8,462,298
1987	12,320,857	9,400,888
1988	8,962,440	6,725,724
1989	8,550,703	7,070,978
1990	19,145,395	17,530,731
1991	9,824,231	8,063,348
1992 through 2016	167,947,677	150,451,917
	$ 226,751,303	$ 207,705,884
b) Part III of The Fisheries Act:		
Advances repayable on demand, interest payable at prime rates	$ 3,700,000	$ 3,500,000

10. Deficit Account

During the year the Government of the Province of Manitoba changed the basis for funding the allowances for doubtful accounts under The Agricultural Credit Corporation Act.

Previously, the Province provided funds to cover the increase in the allowances each year. Commencing with the year ended March 31, 1986, the Province discontinued this practice and now provides funds to the Corporation for doubtful accounts actually written off. To initiate this change in funding policy, the Corporation refunded $5,325,064 to the Province, being the balance of the allowance for doubtful accounts as at March 31, 1985. For the year ended March 31, 1986, this change in funding policy has resulted in increasing the excess of expenditure over revenue by $2,285,153.

11. The Province of Manitoba provided $6,030,665 for the 1985-86 interest reduction program. Of this amount, $3,696,554 was paid directly by the Corporation to farmers. The balance of $2,334,111 was retained by the Corporation and credited to client accounts in arrears.

12. During the year ended March 31, 1986, the Corporation sold six of its properties. The results were as follows:

	Number of Sales	Sales Proceeds	Cost	Gain
Sales to Lessees	3	$ 136,370	$ 71,165	$ 65,205
Sales by Public Tender	3	163,500	100,250	63,250
	6	$ 299,870	$ 171,415	$ 128,455

The gains of $65,205 on sales to lessees resulted from adjustments on the exercise of purchase options by lessees of the previously charged lease rates to the lending rates in effect at the date of the lease.

The total gain of $128,455 (1985 - $249,247) has been included in real estate revenue of $1,077,446 (1985 - $997,778).

13. Funds approved but not disbursed as at March 31 amounted to:

	1986	1985
a) The Agricultural Credit Corporation Act:		
Direct loans	$ 4,898,731	$ 6,355,900
Corporate loans	453,303	593,100
Refinancing program - regular	2,683,391	-
- corporate	293,670	-
Part-time farmers	226,600	-
Stocker program	1,332,951	793,500
Land lease program	3,501	5,500
Crown land loans	36,780	47,700
Security agreements	691,924	416,000
	$ 10,620,851	$ 8,211,700

The Corporate loans amount includes $284,303 which represents performance bond guarantees to agricultural marketing agencies.

	1986	1985
b) Part III of The Fisheries Act:		
Direct loans	$ 234,176	$ 326,000

14. At March 31, 1986, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

    a) The Corporation is liable under its guarantee for losses sustained by the lending agencies on loans to individual farmers but the amount of liability to any one agency cannot exceed 10% of the total guaranteed loans made by the agency during a guarantee period. The last of these guarantees was given during the 1983-84 fiscal year. At March 31, the Corporation's contingent liability on the basis of 10% of loans made by agencies during the previous guarantee periods was:

	1986	1985
For the thirty-nine month guarantee period ended March 31, 1981	$ 87,931	$ 87,931
For the three year period ended March 31, 1984	67,000	127,790
	$ 154,931	$ 215,721

    b) The Corporation also fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1986, these guaranteed loans amounted to $1,193,475 (1985 - $1,272,296).

    c) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12 1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1986 the Corporation's contingent liability amounted to $ 4,032,675 (1985 - $4,299,685).

15. The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.

16. The Government of the Province of Manitoba provides the service of legal counsel, a computer system programmer/analyst and other miscellaneous administrative service at no charge to the Corporation.

Manitoba

MANITOBA ARC AUTHORITY INCORPORATED

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B of the Manitoba Arc Authority Incorporated for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Manitoba Arc Authority Incorporated as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding period.

F. H. Jackson, C.A.,
Provincial Auditor.

August 22, 1986,
Winnipeg, Manitoba.

Exhibit A

MANITOBA ARC AUTHORITY INCORPORATED

Balance Sheet
as at March 31, 1986

	1986	1985
ASSETS		
Cash	$ 1	$ 1
SHAREHOLDER'S EQUITY		
Share capital:		
Authorized:		
40,000 common shares, with a maximum consideration of $40,000		
Issued and fully paid:		
1 common share	$ 1	$ 1

Exhibit B

MANITOBA ARC AUTHORITY INCORPORATED

Statement of Receipts and Disbursements for the year ended March 31, 1986

	1986	1985
Receipts:		
Funds received from the Government of the Province of Manitoba	$ 118,130	$ 154,059
Disbursements:		
Professional fees	$ 71,497	$ 110,195
Office rentals	12,692	25,457
Project costs	27,350	9,218
Postage and telephone	1,784	2,926
Courier service	573	1,250
Printing and stationery	405	77
Management board expenses	35	282
Other	3,768	4,057
	118,104	153,462
Refund of funds received	26	597
	$ 118,130	$ 154,059

MANITOBA ARC AUTHORITY INCORPORATED

Notes to Financial Statements
for the year ended March 31, 1986

1. Incorporation

The Manitoba ARC Authority Incorporated was incorporated and registered under the Corporation's Act of Manitoba on July 14, 1981, to serve as the mechanism for project implementation on behalf of the Government of the Province of Manitoba under the Canada-Manitoba Agreement for Recreation and Conservation on the Red River Corridor (ARC Agreement).

One (1) common share was issued to the Minister of Finance for the Government of the Province of Manitoba on August 5, 1981 for the consideration of $1.00.

2. Accounting Policy

The Authority operates on the cash basis of accounting, receiving reimbursement for all of its disbursements from the Government of the Province of Manitoba from an appropriation of the Department of Urban Affairs.

3. Transfer of Operations

Subsequent to January, 1986, the Authority ceased active operations. The Department of Urban Affairs has assumed responsibility for the administration of the operations under the ARC agreement.

Manitoba

MANITOBA ARTS COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to G and Schedule 1, of the Manitoba Arts Council for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these statements present fairly the financial position of the Manitoba Arts Council as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving retroactive effect to the adoption of the fund basis of accounting as explained in note 7, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

October 30, 1986,
Winnipeg, Manitoba.

Exhibit A

MANITOBA ARTS COUNCIL

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Grants and Programs Fund		
Cash and term deposits	$ 139,387	$ 656,770
Marketable securities (Note 4)	2,344,000	1,027,000
Accounts receivable	63,534	31,115
Accrued interest receivable	23,154	5,609
Prepaid expenses	-	139
	2,570,075	1,720,633
Funds in Trust		
Receivable from grants and programs fund	161,047	160,615
	161,047	160,615
Council Designated Funds		
Receivable from grants and programs fund	367,814	713,763
Long term investment, at cost, interest 10.1%	410,000	-
	777,814	713,763
	$ 3,508,936	$ 2,595,011

Exhibit A

LIABILITIES AND BALANCE OF FUNDS

	1986	1985
Grants and Programs Fund		
Accounts payable and accrued liabilities	$ 36,968	$ 27,470
Deferred income - unearned interest	11,116	8,925
Unpaid commitments on operating grants and programs	884,296	551,680
Payable to Manitoba Arts Gaming Fund Commission fund	161,047	160,615
Payable to Manitoba Artists Bank fund	367,814	713,763
Grants and Programs fund (Exhibit C)	1,108,834	258,180
	2,570,075	1,720,633
Funds in Trust		
Manitoba Arts Gaming Fund Commission unpaid commitments	3,000	45,281
Manitoba Arts Gaming Fund Commission funds in trust (Exhibit G)	158,047	115,334
	161,047	160,615
Council Designated Funds		
Jack Hassard Memorial Trust (Exhibit D)	2,500	2,500
Manitoba Artists Bank fund (Exhibit E)	775,314	711,263
	777,814	713,763
	$ 3,508,936	$ 2,595,011

Exhibit B

MANITOBA ARTS COUNCIL

Grants and Programs Fund
Statement of Revenue and Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Province of Manitoba - general grant	$ 1,521,400	$ 1,506,300
- Careerstart	4,389	5,400
	1,525,789	1,511,700
Western Lottery-Manitoba Distributor Inc.	-	505,982
The Manitoba Lotteries Foundation	3,446,723	2,153,318
Investment income	96,045	53,761
	5,068,557	4,224,761
Expenditures:		
Operating grants and programs:		
Grants to Organizations	2,521,210	2,015,497
Arts Exposure Program, net of recoveries	307,362	222,370
Creative Arts Program	512,617	413,130
Student Aid Program	44,380	35,150
Touring Program	107,419	135,170
Arts Development Program	308,093	152,392
Total operating grants and programs	3,801,081	2,973,709
Administrative, Schedule 1	452,612	374,241
Total expenditures	4,253,693	3,347,950
Rescinded grant commitments	(35,790)	(29,493)
Net expenditures	4,217,903	3,318,457
Excess of revenue over expenditures for the year, Exhibit C	$ 850,654	$ 906,304

Exhibit C

MANITOBA ARTS COUNCIL

Grants and Programs Fund
Statement of Balance of Fund
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Balance at beginning of year	$ 258,180	$ 63,139
Excess of revenue over expenditures for the year, Exhibit B	850,654	906,304
	1,108,834	969,443
Appropriation to Manitoba Artists Bank fund	-	711,263
Balance at end of year, Exhibit A	$ 1,108,834	$ 258,180

Exhibit D

MANITOBA ARTS COUNCIL

Statement of the Jack Hassard Memorial Trust
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Balance at beginning of year	$ 2,500	$ 2,500
Interest earned	250	275
	2,750	2,775
Paid to Portage la Prairie and District Arts Council	250	275
Balance at end of year, Exhibit A (Note 3 c)i))	$ 2,500	$ 2,500

Exhibit E

MANITOBA ARTS COUNCIL

Manitoba Artists Bank Fund
Statement of Income and Fund Balance
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Balance at beginning of year	$ 711,263	$ -
Appropriation from Grants and Program Fund, effective March 31, 1985	-	711,263
Interest earned	64,051	-
Balance at end of year, Exhibit A	$ 775,314	$ 711,263

Exhibit F

MANITOBA ARTS COUNCIL

Statement of Revenue and Expenditures for
The Manitoba Arts Gaming Fund Commission
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985 (10 months)
Revenue:		
Revenue from casino event	$ 171,164	$ 120,081
Revenue from Gaming Fund of The Manitoba Lotteries Foundation	852,538	528,106
Investment income	38,964	15,543
	1,062,666	663,730
Expenditures:		
Distributions to organizations	1,007,959	546,580
Direct costs	11,994	1,816
	1,019,953	548,396
Excess of revenue over expenditures for the period, Exhibit G	$ 42,713	$ 115,334

Exhibit G

MANITOBA ARTS COUNCIL

Statement of the Manitoba Arts Gaming Fund Commission
Funds in Trust
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Balance at beginning of year	$ 115,334	$ -
Excess of revenue over expenditures for the year, Exhibit F	42,713	115,334
Balance at end of year, Exhibit A	$ 158,047	$ 115,334

Schedule 1

MANITOBA ARTS COUNCIL

Schedule of Administrative Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Advertising	$ 1,998	$ 4,322
Bank charges	1,097	805
Consultants' fees	39,335	30,165
Council - remuneration	20,350	8,118
- expenses	4,182	2,874
Equipment and art rentals	4,147	3,766
Furniture and equipment	13,742	20,540
Health and Post Secondary Education Tax Levy	3,830	3,075
Miscellaneous	4,498	3,282
Office renovations	6,163	9,795
Office maintenance	2,331	771
Office rent	36,345	32,711
Office supplies	5,117	2,733
Printing and stationery	10,969	13,478
Professional fees	4,135	3,675
Salaries and benefits	242,654	212,096
Staff development	33,362	6,678
Telephone	8,079	7,254
Travel - Council members	5,055	2,422
- staff	5,223	5,681
Total administrative expenditures, Exhibit B	$ 452,612	$ 374,241

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1986

1. Nature of Operations

The Arts Council Act established the Manitoba Arts Council for the purpose of promoting the study, enjoyment, production and performance of works in the arts.

2. Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles with the exception of points a, b and c below. Operating grants and programs costs are reflected as expenditures in the accounts when funding is formally approved and committed by Council. The rescinded commitments in the financial statements reflect cancellations of expenditures of the previous years.

a) The Council follows the fund basis of accounting.

b) Gaming revenues are recorded on a cash basis.

c) Fixed assets are charged to expenditures in the year of acquisition.

3. Basis of Accounting

The Council records financial transactions on the fund accounting basis as follows:

a) Grants and Programs Fund

The program fund includes transactions related to the disbursement and administration of grants to organizations and individuals whose purposes are similar to those of the Council as provided in the Arts Council Act.

b) Manitoba Arts Gaming Fund Commission Funds in Trust

The Manitoba Arts Council holds funds of the Manitoba Arts Gaming Fund Commission in trust under the terms of an agreement with the Manitoba Lotteries Foundation for the purpose of distributing a share of gaming revenues to charitable arts organizations. Administration of the Commission is provided by the Council with only incremental direct costs being charged to the Commission.

c) Council Designated Funds

i) Jack Hassard Memorial Trust

In March 1980, the Manitoba Arts Council designated $2,500 of its surplus to be known as The Jack Hassard Memorial Trust. Annually, an amount representing interest income is awarded to the Portage la Prairie and District Arts Council for its Jack Hassard Scholarship.

ii) Manitoba Artists Bank

The Manitoba Artists Bank was established for the following purposes:

a) To acquire musical instruments for loan to deserving artists;

b) To acquire works of art from Manitoba artists for rent to provincial government departments and crown corporations and agencies.

4. Marketable Securities

Marketable securities are recorded at cost and include a variety of short-term investments in the amount of $2,307,000 that mature within 90 days and a Manitoba Hydro-Electric Board bond in the amount of $37,000 (market value, 1986 - $50,306; 1985 - $39,960) which matures December 17, 1998.

5. Commitments and Contingencies

a) Lease Commitment

Council has entered into a lease agreement for office premises until April 30, 1988. The basic rent is $30,000 exclusive of an escalation clause for specific items.

b) Long-Term Commitment

In the 1984 fiscal year, the Winnipeg Symphony Orchestra Inc. arranged deficit financing by way of a loan of $150,000 from private sources. In the same year, Council agreed to provide funding of $15,000 per year for the next ten years to the Symphony for repayment of this loan. Funding to Council to this extent has also been guaranteed by the Province of Manitoba.

c) Loan Guarantee

The Council signed a guarantee and postponement of claim for a line of credit for the Manitoba Puppet Theatre from the Canadian Imperial Bank of Commerce for $11,000 (1985 - $11,000).

6. Subsequent Event

Subsequent to the year-end, the Council entered into agreement with the Winnipeg Foundation whereby the Foundation will manage $350,000 of assets related to the Manitoba Artists Bank. These funds were deposited with the Foundation in April of 1986 for the purchase of units of the Foundation's Consolidated Trust Fund.

7. **Changes in Financial Statements**

In order to more appropriately reflect the Council's operations, the Council has adopted the fund basis of accounting. This change, which has been retroactively reflected has resulted in the establishment of inter-fund receivables and liabilities as shown on the Balance Sheet, and has enabled each fund to independently reflect revenue and expenditure.

Manitoba

THE MANITOBA BEEF COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C, D and E, of The Manitoba Beef Commission for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

June 19, 1986,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA BEEF COMMISSION

Balance Sheet
as at March 31, 1986

ASSETS

	1986	1985
Current assets:		
Term deposit with the Minister of Finance	$ 3,500,000	$ 3,000,000
Accounts receivable:		
Packers and auction marts	1,181,636	933,105
Producers, less allowance for doubtful accounts (Note 3)	308,891	178,407
Inventory	25,396	46,989
	$ 5,015,923	$ 4,158,501

LIABILITIES AND FUND ACCOUNT BALANCES

	1986	1985
Current liabilities:		
Cheques issued in excess of funds on deposit with the Minister of Finance and in bank	$ 178,374	$ 644,909
Accounts payable:		
Producers	2,826,220	$ 2,963,353
Government of the Province of Manitoba	123,919	(9,313)
Trade accounts	71,580	68,224
	3,200,093	3,667,173
Advance from the Government of the Province of Manitoba (Note 4)	29,000,000	16,000,000
	32,200,093	19,667,173
Fund account balances:		
Stabilization Fund Account (Deficit), Exhibit C	(27,249,149)	(15,752,712)
Administration Fund Account, Exhibit E	64,979	244,040
	(27,184,170)	(15,508,672)
	$ 5,015,923	$ 4,158,501

EXHIBIT B

THE MANITOBA BEEF COMMISSION

Producer Fund Account
Statement of Operations

	For the Year Ended March 31, 1986			For the Year Ended March 31, 1985		
	Finished Cattle	Unfinished Cattle	Total	Finished Cattle	Unfinished Cattle	Total
Revenue:						
Proceeds on sale of cattle	$ 65,590,950	$ 42,492,022	$ 108,082,972	$ 53,862,371	$ 44,469,204	$ 98,331,575
Packer, auction mart, insurance claims and miscellaneous	35,209	10,544	47,753	37,730	4,913	42,643
Live sale expenses from Administration Fund Account, Exhibit E	5,963	-	5,963	68,185	-	68,185
Net pool adjustments from Administration Fund Account, Exhibit E	(37)	(12)	(49)	6,049	8	6,057
Total revenue	$ 65,632,085	$ 42,502,554	$ 108,134,639	$ 53,974,335	$ 44,474,125	$ 98,448,460
Distribution:						
Assessments:						
Producer premiums, Exhibit C	$ 6,590,192	$ 3,262,912	$ 9,853,104	$ 3,424,294	$ 3,150,518	$ 6,574,812
Marketing fees, Exhibit E	331,738	-	331,738	272,975	-	272,975
	6,921,930	3,262,912	10,184,842	3,697,269	3,150,518	6,847,787
Direct charges:						
Assembly fees, etc.	62,480	-	62,480	72,025	211	72,236
Freight	7,697	186	7,883	40,085	1,094	41,179
Insurance	652	4,176	4,828	3,663	4,989	8,652
	70,829	4,362	75,191	115,773	6,294	122,067
Producer settlements	58,639,326	39,235,280	97,874,606	50,161,293	41,317,313	91,478,606
Total distribution	$ 65,632,085	$ 42,502,554	$ 108,134,639	$ 53,974,335	$ 44,474,125	$ 98,448,460

EXHIBIT C

THE MANITOBA BEEF COMMISSION

Stabilization Fund Account
Statement of Revenue and Expenditure and Deficit
for the year ended March 31, 1986

	1986	1985
Revenue:		
Producer premiums:		
Producer Fund Account, Exhibit B	$ 9,853,104	$ 6,574,812
Direct from producers	18,464	86,718
	9,871,568	6,661,530
Federal Agricultural Stabilization (Note 5)	709,378	-
Provincial premium contributions	1,988,445	1,862,339
Recovery of stabilization payments (Note 6)	289,368	115,344
Total revenue	$ 12,858,759	$ 8,639,213
Expenditure:		
Stabilization payments	$ 24,256,029	$ 16,173,672
Bad debt expense	99,167	14,150
Total expenditure	$ 24,355,196	$ 16,187,822
Excess of Expenditure over revenue	11,496,437	7,548,609
Deficit, beginning of year	15,752,712	8,204,103
Deficit, end of year, Exhibit A	$ 27,249,149	$ 15,752,712

EXHIBIT D

THE MANITOBA BEEF COMMISSION

Productivity Enhancement Grant Fund Account
Statement of Operations
for the year ended March 31, 1986

	1986	1985
Recoveries of grants from producers	$ 272,005	$ 188,822
Less: Bad debt expense	99,132	25,597
	$ 172,873	$ 163,225
Distribution:		
Government of the Province of Manitoba	$ 172,873	$ 163,225

EXHIBIT E

THE MANITOBA BEEF COMMISSION

Administration Fund Account
Statement of Revenue and Expenditure and Fund Account Balance
for the year ended March 31, 1986

	1986	1985
Revenue:		
Grant - Government of the Province of Manitoba	$ -	$ 480,000
Interest	368,335	356,297
Marketing fees, Exhibit B	331,738	272,975
Recovery of provincial premium contributions on cancellation of producers' contracts (Note 8)	55,075	34,356
Miscellaneous	-	2,034
Total revenue	$ 755,148	$ 1,145,662
Expenditure:		
Advertising and promotion	$ 12,375	$ 24,956
Audit	17,950	23,400
Bank charges	9,923	7,783
Computer services and equipment	215,575	200,500
Computer system review	37,500	-
Directors' fees and expenses	34,933	34,838
Delivery	8,420	7,355
Dues and subscriptions	464	263
Furniture and fixtures	1,357	2,938
Hall rentals	969	1,768
Health and post-secondary education tax levy	6,936	6,704
Fieldmen expenses	43,122	32,029
Live sale expenses to Producer Fund Account, Exhibit B	5,963	68,185
Miscellaneous	1,675	2,874
Net pool adjustments to Producer Fund Account, Exhibit B	(49)	6,057
Postage and telephone	14,750	9,427
Printing and stationery	27,175	19,921
Repairs and maintenance	309	184
Salaries and employee benefits	482,704	463,343
Travel	12,158	12,375
Total expenditure	$ 934,209	$ 924,900
Excess of Revenue over Expenditure	(179,061)	220,762
Balance, beginning of year	244,040	23,278
Balance, end of year, Exhibit A	$ 64,979	$ 244,040

THE MANITOBA BEEF COMMISSION

Notes to Financial Statements
for the year ended March 31, 1986

1. Status of the Commission

The Manitoba Beef Commission was established on September 1, 1982 by regulation under the Natural Products Marketing Act, to administer regulations respecting the marketing of beef.

The Commission has administrative responsibility for the following:

a) The Manitoba Beef Marketing Plan was established September 1, 1982 by regulation under the Natural Products Marketing Act. The purpose of this Plan is to maximize the return to the producers in the marketing of beef.

b) The Manitoba Beef Stabilization Plan was established September 1, 1982 by regulation under the Farm Income Assurance Plans Act. The purpose of this Plan is to improve the income stability of participating beef producers. There was also support for a limited period through payment of a special Productivity Enhancement Grant to producers joining the Plan. In accordance with the regulations, separate accounts were established for these operations.

The Producer Fund Account was established on March 1, 1983 to account for the sales of finished and unfinished cattle marketed under the Manitoba Beef Marketing Plan.

The Stabilization Fund Account was established effective September 1, 1982 for operation of the Manitoba Beef Stabilization Plan. It accounts for the collection of premiums from producers enrolled in the Manitoba Beef Marketing Plan, and from the Province and the stabilization payments to producers.

The Productivity Enhancement Grant Fund Account was established to account for payment of a Productivity Enhancement Grant to each producer joining the Manitoba Beef Marketing Plan up to January 21, 1983.

The Administration Fund Account was established to account for the Commission's administrative and marketing operations.

2. Significant accounting policies

a) The financial statements have been prepared on an accrual basis of accounting except for capital acquisitions which are being charged to operations at cost in the year acquired.

b) The Commission maintains separate divisions in its accounts for the activities of the Producer Fund Account, Stabilization Fund Account, Productivity Enhancement Grant Fund Account and the Administration Fund Account. The assets and liabilities of all of the fund accounts are combined on the balance sheet.

The Producer Fund Account and the Productivity Enhancement Grant Fund Account by their nature have nil balances at year end.

2. Significant accounting policies (continued)

c) The Government of the Province of Manitoba pays interest charges on the advances to the Commission and provides office space, certain legal, administrative and field services. These expenses are not reflected in the financial statements.

3. Accounts receivable - producers

The accounts receivable from producers consists of:

	1986	1985
Stabilization payments recoverable	$ 259,519	$ 149,787
Productivity enhancement grants	299,096	141,827
Premiums	5,989	6,083
Other	3,611	4,625
	568,215	302,322
Less: Allowance for doubtful accounts	259,324	123,915
	$ 308,891	$ 178,407

4. Advance from the Government of the Province of Manitoba

The Government of the Province of Manitoba authorized repayable advances to the Commission of up to $31,000,000 for the purpose of funding the deficit of the Stabilization Fund Account when revenues are not sufficient to pay the producers' stabilization payments under the Manitoba Beef Stabilization Plan. At March 31, 1986 the amount advanced to the Commission was $29,000,000 (1985 - $16,000,000), of which the Commission had drawn $27,028,259 (1985 - $15,277,510) with the balance of $1,971,741 (1985 - $727,490) maintained on deposit with the Minister of Finance in a trust account.

Interest charged on the advances by the Department of Finance is paid from an appropriation of the Department of Agriculture in the amount of $2,451,852 in 1986 (1985 - $1,327,603).

5. Federal Agricultural Stabilization

In accordance with Section 7(4), of the agreement between the Commission and Producers, "any payments under The Federal Agricultural Stabilization Act shall be taken into account relative to the calculation of deficiency payments ----". The Commission applied for stabilization proceeds from the Government of Canada, under The Federal Agricultural Stabilization Act, on behalf of producers who marketed animals through the Commission for the period July 1, 1985 to September 30, 1985. The proceeds for stabilized cattle were retained by the Commission, in the amount of $676,222, and were credited to the individual producer accounts. The amounts credited are not repayable by producers

5. Federal Agricultural Stabilization (continued)

leaving the plan. In instances where the cattle were not stabilized by the Commission, the Commission acted only in an administrative capacity, applying on behalf of and paying the proceeds to the individual producers in the amount of $33,156.

The stabilization payments by the Government of Canada were $4.31 per cwt - rail weight or $2.52 per cwt - live weight.

6. Termination of contract

A producer may terminate his contract with the Commission at any time. Depending upon the balance of the individual producer account, represented by the producer premiums and stabilization payments, termination by a producer before eight full years will result in a partial return of premiums paid or a partial recovery of stabilization deficiency payments.

7. Productivity Enhancement Grant Fund Account

The Productivity Enhancement Grant Fund Account was established to account for special grants to producers joining the Manitoba Beef Marketing Plan from inception to January 21, 1983.

The grants are not fully earned by the producers until they have completed four years of enrollment in the Plan. Any recoveries from producers terminating their contracts before the grants are fully earned are repayable to the Province.

8. Recovery of provincial premium contributions

The provincial premium contribution portion of the stabilization payments recovered from producers is transferred to the Administration Fund Account. For the year ended March 31, 1986 the recovery of the provincial premium contributions transferred to the Administration Fund Account was $55,075 (1985 - $34,356), which represented a recoverable amount of $85,616 (1985 - $38,231) less bad debt expense of $30,541 (1985 - $3,875).

9. Economic dependence

The Commission is economically dependent on the Government of the Province of Manitoba.

FOREST GUENETTE CHAPUT COMPTABLES AGRÉÉS CHARTERED ACCOUNTANTS

262, Marion, Winnipeg, Manitoba, Canada R2H 0T7 (204) 233-8593

Auditors' Report

To the Board of Commissioners
THE MANITOBA BOXING AND WRESTLING COMMISSION
Winnipeg, Manitoba

We have examined the balance sheet of MANITOBA BOXING AND WRESTLING COMMISSION as at March 31, 1986 and the statements of surplus and of income for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Forest Guenette Chaput.

Winnipeg, Manitoba
July 11, 1986

Chartered Accountants

Statement "1"

MANITOBA BOXING AND WRESTLING COMMISSION

Balance Sheet

As At March 31, 1986

ASSETS

	1986	1985
Current Assets		
Cash on hand	$ 10	9
Cash in bank - chequing	5,915	4,366
- savings	7,627	6,187
- term deposits (Note "1")	88,194	87,164
Accounts receivable	1,661	3,170
Accrued interest receivable	1,263	1,529
Prepaid expenses	225	225
	$104,895	102,650

LIABILITIES AND SURPLUS

	1986	1985
Current Liabilities		
Accounts payable	$ 2,547	2,508
Performance bond deposits (Note "2")	7,958	6,887
	10,505	9,395
Surplus, Statement "2"	94,390	93,255
	$104,895	102,650

Approved on behalf of the Board:

Chairman

Statement "2"

MANITOBA BOXING AND WRESTLING COMMISSION

Statement of Surplus

Year Ended March 31, 1986

	1986	1985
Balance, beginning of year	$ 93,255	95,894
Add: Net income, Statement "3"	1,135	-
Deduct: Net loss, Statement "3"	-	(2,639)
Balance, end of year	$ 94,390	93,255

Statement "3"

MANITOBA BOXING AND WRESTLING COMMISSION

Statement of Income

Year Ended March 31, 1986

	1986	1985
Revenue		
Commissions, licenses, permits and passports	$18,541	20,086
Interest income	6,167	9,401
Other income	38	245
	24,746	29,732
Operating Expenses		
Secretarial services	8,350	6,129
Conferences and meetings	5,657	5,679
Honoraria	4,200	3,600
Audit and accounting	1,792	1,718
Dues, fees and sbuscriptions	890	636
Grants and donations	750	8,555
Supplies	652	109
Legal fees	485	248
Public relations (tickets for events and social functions)	400	540
Office expenses	331	145
Bank charges	104	148
Feasibility study	-	3,000
Office improvements	-	1,850
Sundry	-	14
	23,611	32,371
	$ 1,135	(2,639)

Statement "4"

MANITOBA BOXING AND WRESTLING COMMISSION

Notes to Financial Statements

As At March 31, 1986

Note "1" Term Deposits

(a)	Institution: First City Trust	
	Amount:	$40,000
	Term: February 5 to August 5, 1986	
	Rate of Interest: 9½%	
(b)	Institution: North West Trust	
	Amount:	48,194
	Term: February 5 to August 5, 1986	
	Rate of Interest: 9½%	
		$88,194

Note "2" Performance Bond Deposits

Performance bonds are deposited in an interest-bearing savings account. Interest earned is remitted to the promoter upon refund of the deposit.

Manitoba

THE MANITOBA CENTENNIAL CENTRE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 to 5, of The Manitoba Centennial Centre Corporation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Centennial Centre Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

June 23, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA CENTENNIAL CENTRE CORPORATION

BALANCE SHEET

as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
A S S E T S		
Cash on hand and in bank	$ 68,166	$ 48,871
Term deposits - Province of Manitoba (Note 2)	326,458	439,443
Accounts receivable	77,257	90,481
Balance of operating grant, Province of Manitoba	113,666	-
Balance of capital grant, Province of Manitoba, Schedule 5	40,469	90,837
Inventory of bar supplies, at cost	23,986	19,441
Prepaid expenses	19,838	14,472
	$669,840	$703,545
L I A B I L I T I E S		
Accounts payable	$223,434	$270,151
Accrued wages	48,481	39,583
Deferred income	1,049	1,586
Deposits on rentals	18,905	8,408
	291,869	319,728
Trust accounts:		
The Maitland Steinkopf Youth Fund, Schedule 2	58,290	59,033
The Manitoba Centennial Citizens' Campaign, Schedule 3	14,929	7,203
The Manitoba Centennial Foundation of the Future, Schedule 4 (Note 3)	13,795	12,215
	87,014	78,451
Reserve for Deductible Costs on Insurance Claims (note 4)	15,000	15,000
Funds Retained for Working Capital and Future Operations, Exhibit B	275,957	290,366
	$669,840	$703,545

Exhibit B

THE MANITOBA CENTENNIAL CENTRE CORPORATION

STATEMENT OF REVENUES AND EXPENDITURES AND RETAINED FUNDS

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenues:		
Rentals:		
Concert Hall	$ 338,889	$ 355,090
Office space	37,820	39,296
Restaurant facilities	56,302	52,292
Bar sales	177,323	196,651
Parking fees	334,461	313,638
Checkroom fees	9,150	8,306
Concession revenue	9,973	11,536
Investment income	18,170	15,424
Miscellaneous income	563	7,064
	982,651	999,297
Province of Manitoba grant	1,201,900	1,201,900
Recovery of expenditures:		
Museum of Man and Nature (Note 5)	807,975	769,500
Others	87,853	80,148
	895,828	849,648
Total revenues, grants and recoveries	3,080,379	3,050,845
Expenditures, Schedule 1		
Administration and general	376,805	359,152
Bar operations	127,483	131,923
Concert Hall front of house (Note 6)	124,494	119,931
Building services and maintenance	1,741,994	1,699,441
Parking service	170,084	161,558
Security service	350,592	334,339
Stage operations	208,494	200,518
	3,099,946	3,006,862
Net capital projects, Schedule 5 (Note 1)	(5,158)	5,158
Total expenditures	3,094,788	3,012,020
Revenues over (under) expenditures for the fiscal year	(14,409)	38,825
Funds Retained for Working Capital and Future Operations, beginning of year	290,366	251,541
Funds Retained for Working Capital and Future Operations, end of year, Exhibit A	$ 275,957	$ 290,366

Schedule 1

THE MANITOBA CENTENNIAL CENTRE CORPORATION

SCHEDULE OF EXPENDITURES

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Administration and general:		
Salaries and employee benefits	$ 287,544	$ 279,011
Insurance	20,303	14,522
Telephone	14,778	14,539
Printing and stationery	6,123	6,991
Audit and legal fees	8,680	7,900
Other	11,641	9,372
Health and Post Secondary Education tax levy	27,736	26,817
	376,805	359,152
Bar operations:		
Salaries and employee benefits	45,008	47,179
Cost of beverages sold	71,677	75,381
Other	10,798	9,363
	127,483	131,923
Concert Hall front of house: (Note 6)		
Salaries and employee benefits	88,203	86,713
Transportation allowances and other	36,291	33,218
	124,494	119,931
Building services and maintenance:		
Salaries and employee benefits	975,825	947,118
Light, power and water	289,524	274,987
Heat	270,091	252,226
Repairs, maintenance and supplies	132,600	152,697
Minor capital expenditures	22,768	27,074
Other	51,186	45,339
	$1,741,994	$1,699,441

Schedule 1

THE MANITOBA CENTENNIAL CENTRE CORPORATION

SCHEDULE OF EXPENDITURES

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Parking Services:		
Salaries and employee benefits	$ 74,929	$ 71,163
Agency fees and expenditures	88,730	83,396
Other	6,425	6,999
	170,084	161,558
Security services:		
Salaries and employee benefits	345,202	325,077
Other	5,390	9,262
	350,592	334,339
Stage operations:		
Salaries and employee benefits	182,475	174,637
Repairs, supplies and equipment	26,019	25,881
	208,494	200,518
Total expenditures, Exhibit B	$3,099,946	$3,006,862

Schedule 2

THE MANITOBA CENTENNIAL CENTRE CORPORATION

THE MAITLAND STEINKOPF YOUTH FUND TRUST ACCOUNT

Summary of Transactions
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Investment income	$ 5,454	$ 6,380
Expenditure:		
Canadian Music Competitions	1,210	-
Greater Winnipeg Schools' Orchestras	1,617	1,294
The Men's Music Club	1,890	1,890
Ukrainian Self-Reliance League	660	-
Winnipeg Area Girl Guides of Canada	820	820
	6,197	4,004
Revenue over (under) expenditure for the fiscal year	(743)	2,376
Balance - beginning of year	59,033	56,657
Balance - end of year, Exhibit A	$ 58,290	$ 59,033
Represented by:		
Amount in term deposit	$ 60,180	$ 60,923
Less - Amount payable	1,890	1,890
	$ 58,290	$ 59,033

Schedule 3

THE MANITOBA CENTENNIAL CENTRE CORPORATION

THE MANITOBA CENTENNIAL CITIZENS' CAMPAIGN TRUST ACCOUNT

Summary of Transactions
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Collections on pledges:		
Campaign '70	$ -	$ 750
Sale of property	7,115	-
Investment income	1,101	814
	8,216	1,564
Expenditure:		
Administration costs	490	485
Renovations to "Hall of Renown"	-	1,130
Replacement of seat plaques	-	9
	490	1,624
Revenue over (under) expenditure for the fiscal year	7,726	(60)
Balance - beginning of year	7,203	7,263
Balance - end of year, Exhibit A	$ 14,929	$ 7,203
Represented by:		
Cash in bank	$ 119	$ (875)
Amount in term deposits	14,810	8,078
	$ 14,929	$ 7,203

Schedule 4

THE MANITOBA CENTENNIAL CENTRE CORPORATION

THE MANITOBA CENTENNIAL FOUNDATION OF THE FUTURE TRUST ACCOUNT

Summary of Transactions
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Investment income	$ 1,580	$ 1,493
Balance - beginning of year	12,215	10,722
Balance - end of year, Exhibit A, (Note 3)	$ 13,795	$ 12,215
Represented by:		
Amount in term deposit	$ 13,795	$ 12,215

Schedule 5

THE MANITOBA CENTENNIAL CENTRE CORPORATION

CAPITAL PROJECTS

for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Capital Projects:		
Alloway Hall window repairs - Museum	$ -	$ 11,094
Carpet replacement - Concert Hall	13,731	-
Extension of sprinkler system	-	7,812
Fountain renovations	-	11,553
Lighting control replacement	18,116	60,622
Manitoba Theatre Centre - roof repairs	64,800	-
Museum renovations	9,143	-
Office reconstruction - Winnipeg Symphony Orchestra	-	9,118
"Power Factor" correction project	17,595	-
Revision in heating systems	12,747	-
Roof repairs	6,902	101,959
Stage drapery	8,323	-
Stage lighting bridges	22,421	-
Wheel chair lift	18,064	-
Total capital projects	191,842	202,158
Less:		
Capital grants - Province of Manitoba:		
Received during the year	156,531	106,163
Recoverable, Exhibit A	40,469	90,837
Total capital grants	197,000	197,000
Net capital projects, Exhibit B (Note 1)	$ (5,158)	$ 5,158

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements
March 31, 1986

1. Accounting Policies

The Corporation's financial statements have been prepared using the accrual basis of accounting except for capital acquisitions and pension payments.

Capital projects and other major expenditures are recognized as operating expenditures in the current year except to the extent of funding by capital grants from the Province of Manitoba as reflected separately on Schedule 5.

Pension payments are recognized as operating expenditures only as payments are made under provisions of the Manitoba Civil Service Superannuation Act. The provisions of this Act require the Corporation to contribute 50% of the pension payments being made to retired employees. A provision has not been made in the accounts of the Corporation to fund current or past service obligations to the Civil Service Superannuation Fund. An actuarial report as at December 31, 1983 made a calculation which provided no allowance for future increases in pension due to increases in the cost of living. Based on a formula set out in the report, the figure at December 31, 1985 amounts to $1,020,400 (1984 - $867,000).

The actuary also reported on the value of these liabilities based on a calculation which made an allowance for future increases in pension due to increases in the cost of living. The actuary's formula projects this figure to $1,476,600 as at December 31, 1985 (1984 - $1,251,400).

2. Funds invested with the Province of Manitoba in term deposits as at March 31, 1986, including accrued interest, are as follows:

	Term Deposits	Accrued Interest	Total
Certificates maturing in 90 Days			
Operating Funds	$235,000	$ 2,673	$237,673
Maitland Steinkopf Youth Fund	59,149	1,031	60,180
Manitoba Centennial Citizens' Campaign	14,624	186	14,810
Five Year Certificate maturing December 31, 1990			
Manitoba Centennial Foundation of the Future	13,471	324	13,795
Total	$322,244	$ 4,214	$326,458

Manitoba

THE MANITOBA CROP INSURANCE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of The Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

June 13, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA CROP INSURANCE CORPORATION

Balance Sheet
As at March 31, 1986

ASSETS

	1986	1985
General Crop Insurance		
Cash on deposit with the Minister of Finance and in bank	$ 2,362,076	$ 2,319,568
Premiums receivable, net of allowance for doubtful accounts of $258,170, (1985 - $ 202,141):		
Due from insured persons	1,920,760	1,015,684
Accrued interest	119,691	72,255
	2,040,451	1,087,939
Amount receivable from Reinsurance Fund of Manitoba (Note 5(C))	3,680,885	1,397,512
Accounts receivable - Government of the Province of Manitoba	22	25,000
Accounts receivable - other	3,289	431
Due from Hail Insurance	171,883	176,704
Prepaid expenses	25,247	8,107
	$ 8,283,853	$ 5,015,261
Hail Insurance		
Cash on deposit with the Minister of Finance and in bank	$ 697,815	$ 429,988
Premiums receivable, net of allowance for doubtful accounts of $107,667, (1985 - $59,427):		
Due from insured persons	901,311	364,074
Accrued interest	56,571	26,608
	957,882	390,682
	$ 1,655,697	$ 820,670
	$ 9,939,550	$ 5,835,931

Exhibit A

LIABILITIES AND RESERVES

	1986	1985
Reinsurance premiums payable (Note 5):		
Government of Canada	$ 452,442	$ 154,320
Government of the Province of Manitoba	452,442	308,640
	904,884	462,960
Amount payable to Reinsurance Fund of Manitoba (Note 3)	4,000,000	4,000,000
Indemnities payable	2,727,697	336,402
Other account and program payables (Note 7)	209,904	152,630
Premiums collected in advance	441,368	63,269
Reserve for the Payment of Indemnities, Exhibit B	-	-
	$ 8,283,853	$ 5,015,261
Due to General Crop Insurance	$ 171,883	$ 176,704
Advance from the Government of the Province of Manitoba (Note 4)	660,000	3,660,000
Reserve for the Payment of Indemnities (Deficit), Exhibit C	823,814	(3,016,034)
	$ 1,655,697	$ 820,670
	$ 9,939,550	$ 5,835,931

Exhibit B

THE MANITOBA CROP INSURANCE CORPORATION

General Crop Insurance
Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities for the year ended March 31, 1986

	1986	1985
Revenue:		
Premiums:		
Insured persons	$ 22,368,878	$ 15,145,689
Government of Canada (Note 2(B))	21,390,110	15,291,019
	43,758,988	30,436,708
Filing fee	3,620	3,020
Administrative expenses recovered from the Government of the Province of Manitoba, Schedule 1 (Note 2(C))	4,202,662	4,042,598
Interest	274,157	205,816
Total revenue	48,239,427	34,688,142
Expenditure:		
Administrative expenses, Schedule 1 (Note 2(C))	4,202,662	4,042,598
Reinsurance premiums (Note 5):		
Government of Canada	6,417,033	2,293,653
Government of the Province of Manitoba	6,417,033	4,587,306
Discounts	8,405	2,736
Indemnities	38,949,344	30,566,560
Bad debts (recovered)	65,303	(7,198)
Total expenditure	56,059,780	41,485,655
Revenue under expenditure	$ 7,320,353	$ 6,797,513
Reserve for the Payment of Indemnities:		
Beginning of year	-	-
Recovered from Reinsurance Fund of Manitoba, (Note 5)	7,820,353	6,797,513
End of year, Exhibit A	$ -	$ -

Exhibit C

THE MANITOBA CROP INSURANCE CORPORATION

Hail Insurance
Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities for the year ended March 31, 1986

	1986	1985
Revenue:		
Premiums charged to insured persons at established rates	$ 8,125,391	$ 4,603,874
Interest	341,402	190,038
	8,466,793	4,793,912
Expenditure:		
Administrative expenses, Schedule 2 (Note 6)	880,911	517,238
Indemnities	3,696,891	7,728,089
Bad debts (recovered)	49,143	(39)
Total expenditure	4,626,945	8,245,288
Revenue over (under) expenditure	3,839,848	(3,451,376)
Reserve for the Payment of Indemnities (Deficit):		
Beginning of year	(3,016,034)	435,342
End of year, Exhibit A	$ 823,814	$(3,016,034)

Schedule 1

THE MANITOBA CROP INSURANCE CORPORATION

General Crop Insurance
Statement of Administrative Expenses
for the year ended March 31, 1986

	1986	1985
Adjusters' wages and expenses	$ 1,191,423	$ 1,114,123
Administration and field in-service training	13,734	12,460
Advertising	30,739	74,807
Appeal tribunal	148	1,331
Audit fee	19,496	19,423
Computer equipment, rental and usage	399,327	169,645
Directors' remuneration and expenses	15,947	22,682
District offices' rentals and miscellaneous	37,953	43,303
Employee benefits	133,678	135,955
Employer share of pensions (Note 2(D))	64,711	64,527
Furniture and equipment purchases (Note 2(E))	51,525	18,926
Health and Post Secondary Education Tax Levy	39,436	42,036
Legal fees	13,034	12,764
Miscellaneous	31,322	18,548
Office equipment rentals	9,135	10,381
Postage	27,563	30,277
Printing, stationery and office supplies	96,536	95,154
Salaries	1,845,392	1,957,308
Special studies	1,403	776
Telephone	41,213	41,718
Travel	119,482	134,580
Workers' compensation	19,465	21,874
Total administrative expenses, Exhibit B	$ 4,202,662	$ 4,042,598

Schedule 2

THE MANITOBA CROP INSURANCE CORPORATION

Hail Insurance
Statement of Administrative Expenses
for the year ended March 31, 1986

	1986	1985
Adjusters' wages and expenses	$ 138,509	$ 177,507
Administration and field in-service training	3,346	562
Advertising	12,423	2,866
Audit fee	2,455	2,158
Computer equipment, rental and usage	99,832	40,053
Directors' remuneration and expenses	3,987	2,534
District offices' rentals and miscellaneous	9,636	4,689
Employee benefits	33,419	15,187
Employer share of pensions (Note 2(D))	16,178	-
Furniture and equipment purchases (Note 2(E))	4,251	1,347
Health and Post Secondary Education Tax Levy	9,859	4,696
Legal fees	3,259	1,206
Miscellaneous	7,955	2,220
Office equipment rentals	2,284	1,159
Postage	6,891	3,382
Printing, stationery and office supplies	20,579	16,411
Salaries	461,348	218,646
Telephone	10,303	4,660
Travel	29,531	15,512
Workers' compensation	4,866	2,443
Total administrative expenses, Exhibit C	$ 880,911	$ 517,238

THE MANITOBA CROP INSURANCE CORPORATION

Notes to Financial Statements
March 31, 1986

1. Authority

The Manitoba Crop Insurance Corporation is incorporated under a specific Statute of the Province of Manitoba, being Chapter C-310 of the Revised Statutes of Manitoba, 1970.

2. Significant Accounting Policies

(A) Programs

The Corporation operates general crop and hail insurance programs for Manitoba farmers and accounts for these programs separately.

The Corporation is also responsible for the administration of various agricultural-related programs on behalf of the Government of the Province of Manitoba and the Government of Canada. The funds received to administer these programs are netted against expenditures. The operations of these programs are disclosed in the notes to the financial statements.

(B) Premiums

The Corporation recognizes as revenue all premiums earned on crop policies in force during the year. An agreement between the Governments of the Province of Manitoba and Canada provides for the matching by Canada on a cash basis, of insurance premiums collected from insured persons under the General Crop Insurance Program. The matching portion from Canada is shown as revenue. The insurance premium rates are adjusted annually on a basis of a breakeven position being maintained over 10 to 25 years of crop loss experience.

(C) Administrative Expenses

The agreement between the Governments of the Province of Manitoba and Canada, referred to in section (B) of this note, also stipulates that all administrative expenses relating to the general crop insurance progam will be met by the Government of the Province of Manitoba. Certain of these costs are common to both the general crop insurance program and hail insurance programs and are allocated on a basis approved by the Corporation's Board of Directors. Administrative expenses relating to the hail insurance program are met by Insured Farmers. The Corporation's head office and certain of its field office accommodations are provided by the Government of the Province of Manitoba at no charge to the Corporation and accordingly, are not reflected in these financial statements.

(D) Pensions

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to $1,397,406 as at December 31, 1985 ($1,252,056 as at December 31, 1984).

(E) Fixed Assets

Furniture and equipment purchases are charged to operations in the year of acquisition.

3. Amount Payable to Reinsurance Fund of Manitoba

Under the terms of the Crop Insurance Reinsurance Agreement, the Corporation is liable for the repayment, without interest, of advances from the Reinsurance Fund of Manitoba when there is a surplus in the Reserve for the Payment of Indemnities.

4. Advance from the Government of the Province of Manitoba

When necessary, there is a provision for the Corporation to receive, under the hail insurance program, interest free loans to be used for the payment of indemnities.

5. Reinsurance Funds - General Crop Insurance

In accordance with the terms of a reinsurance agreement between the Governments of the Province of Manitoba and Canada and the Corporation, the Corporation is liable for reinsurance premiums to the Crop Reinsurance Fund of Manitoba and the Crop Reinsurance Fund of Canada for Manitoba, based on premiums collected plus the matching portion paid by the Government of Canada. When indemnities are in excess of Corporation's reserve and certain other conditions are met, payments are made from the Reinsurance Funds to the Corporation. Deficits in the Reinsurance Funds are funded by advances from Manitoba and Canada, which are repayable when there is a surplus in the Reserve for the Payment of Indemnities. As at March 31, 1986, there were $4,000,000 in such advances to the Reinsurance Fund of Manitoba outstanding from the Government of the Province of Manitoba. Interest is neither credited nor charged to the Funds by Manitoba or Canada.

The changes in the Crop Reinsurance Funds, on a cash basis, for the fiscal year ended March 31, 1986 were as follows:

	Reinsurance Funds	
	Manitoba	Canada for Manitoba
Balances, March 31, 1985	$ 1,117,874	$ 18,050,987
Add:		
Reinsurance premiums	6,273,231	6,118,911
	7,391,105	24,169,898
Less:		
Payments on account of indemnities	5,536,981	-
Balances, March 31, 1986	$ 1,854,124	$ 24,169,898

When taking into account the reinsurance premiums payable to and the amounts receivable from the Crop Reinsurance Funds, as shown on the balance sheet, the position of the two Funds on an accrued basis as at March 31, 1986, is a deficit of $1,374,318 for Manitoba and a balance of $24,622,340 for Canada for Manitoba.

6. Allocation of Administrative Expenses

During the year, the Corporation refined the basis of allocating administrative expenses to its programs. Wherever possible, expenses are charged directly to each program. For the fiscal year ended March 31, 1986, unallocated expenses were shared on the basis of 20% to hail insurance and 80% to general crop insurance. The refinement in allocation method results in administrative costs of $880,911 for the 1986 hail insurance program compared to $537,254 which would have resulted from the previous method.

7. Other Programs

The Corporation administered the following agricultural-related programs on behalf of the Governments of the Province of Manitoba and of Canada. For the fiscal year ended March 31, 1986, the programs and related transactions are as follows:

(A) Canada-Manitoba Waterfowl Crop Damage Compensation Program

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 1,060,000
Expenditures:	
Indemnities paid	966,341
Estimated indemnities to be paid	43,307
Administrative expenses	50,352
	1,060,000
Balance, March 31, 1986	$ -

The estimated indemnities to be paid of $43,307 are reflected in the financial statements under other account and program payables.

(B) Canada-Manitoba Feed Security Program Acceleration Agreement

Receipts:	
Expenditure recovered from the Government of the Province of Manitoba	$ 261,266
Expenditures:	
Administrative expenses	261,266
Balance, March 31, 1986	$ -

Both programs are cost shared programs between Canada and Manitoba (50/50) and Canada's share of the expenditures is remitted directly to the Province.

8. Comparative Figures

Comparative figures for the year ended March 31, 1985 have been restated, where necessary, to conform with the presentation adopted for the year ended March 31, 1986.

Manitoba

MANITOBA DATA SERVICES

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the statement of financial position of Manitoba Data Services as at March 31, 1986 and the statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Data Services as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fred H Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

September 15, 1986,
Winnipeg, Manitoba.

MANITOBA DATA SERVICES

STATEMENT OF FINANCIAL POSITION

ASSETS

At March 31 in thousands of dollars	1986	1985
CURRENT ASSETS		
Cash	$ 64	$ 244
Accounts receivable	4 382	3 804
Investment with the Minister of Finance, Government of the Province of Manitoba	4 300	3 600
Prepaid expenses	60	62
	8 806	7 710
FIXED ASSETS (Note 5)	10 317	2 326
OTHER ASSETS		
Proprietary software	1 680	1 170
Deferred charges	-	17
	1 680	1 187
Less accumulated amortization	950	663
	730	524
Long-term accounts receivable (Note 6)	213	491
	943	1 015
	$20 066	$11 051

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND RETAINED EARNINGS

At March 31 in thousands of dollars	1986	1985
CURRENT LIABILITIES		
Accounts payable	$ 1 010	$ 562
Principal due within one year on advance from the Government of the Province of Manitoba	1 493	1 356
Principal due within one year on capital equipment leases payable	1 009	-
	3 512	1 918
LONG-TERM LIABILITIES		
Pension and vested sick leave (Note 3)	4 136	3 407
Advance from the Government of the Province of Manitoba (Note 4)	3 602	5 095
Capital equipment leases payable (Note 5)	7 132	-
	14 870	8 502
RETAINED EARNINGS	1 684	631
	$20 066	$11 051

STATEMENT OF RETAINED EARNINGS

Year ended March 31 in thousands of dollars	1986	1985
RETAINED EARNINGS		
Originally reported	$ 631	$ 1 301
Adjustment of pension costs made in 1985	-	(2 533)
Restated	631	(1 232)
NET EARNINGS	1 053	1 863
RETAINED EARNINGS - END OF YEAR	$ 1 684	$ 631

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF OPERATIONS

Year ended March 31 in thousands of dollars	1986	1985
REVENUES		
Data processing	$17 638	$17 916
Program maintenance	92	122
Miscellaneous	858	773
	18 588	18 811
EXPENSES		
Salaries and administration	9 008	8 100
Computer equipment and software, rental and maintenance	6 261	5 211
Depreciation and amortization	1 459	2 002
Pension and vested sick leave (Note 3)	763	630
Interest, net		
- Government of the Province of Manitoba (Note 4)	133	420
- Other	(83)	(39)
Loss (Gain) on sale of computer equipment	(6)	624
	17 535	16 948
NET EARNINGS	$ 1 053	$ 1 863

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended March 31 in thousands of dollars	1986	1985
SOURCES OF WORKING CAPITAL		
Net earnings	$ 1 053	$ 1 863
Add charges not involving an outlay of funds		
Depreciation, amortization and accruals	1 474	2 006
Pension and vested sick leave	763	630
Loss (gain) on sale of computer equipment . . .	(6)	624
	3 284	5 123
Addition of capital equipment leases	8 168	-
Reduction to long-term accounts receivable	277	179
Sale of computer equipment	6	5 836
	11 735	11 138
USES OF WORKING CAPITAL		
Computer equipment		
- capital leases	8 168	-
- owned equipment and proprietary software . .	1 059	4 724
Furniture, fixtures, and leasehold improvements	432	183
Pension and vested sick leave	34	21
Capital equipment lease	1 047	-
Advance from the Government of the Province of Manitoba	1 493	3 622
	12 233	8 550
(DECREASE) INCREASE IN WORKING CAPITAL	(498)	2 588
WORKING CAPITAL - BEGINNING OF YEAR	5 792	3 204
WORKING CAPITAL - END OF YEAR	$ 5 294	$ 5 792

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1986

1. ORGANIZATION

Manitoba Data Services is a Commission established by an Act of the Manitoba Legislature June 15, 1979 to provide electronic data processing services to the Government and government agencies.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Reporting

The financial statements have been prepared in accordance with generally accepted accounting principles.

b. Revenue Recognition

Revenue is recorded as services are provided.

c. Fixed Assets

Fixed assets are initially recorded at cost and include certain leases, which in substance are purchases, capitalized at the lesser of fair value and the present value of their net minimum lease payments.

Depreciation and amortization of owned and leased assets are provided on a straight-line basis to amortize the cost over their estimated useful lives.

	YEARS
Computer equipment	3 to 4
Furniture and fixtures	5 to 10
Leasehold improvements and proprietary software	3 to 5

d. Pension Plan

Employees of the Commission are participants in the Manitoba Civil Service Superannuation Fund. Pension costs are charged to income in the current year. Actuarial gains and losses as determined by a triennial actuarial review are amortized over a three-year period.

3. PENSION AND VESTED SICK LEAVE

a. Pension

All employees of the Commission are required to contribute to the Manitoba Civil Service Superannuation Fund at prescribed rates for defined benefits. The December 31, 1983 triennial actuarial report showed the Fund to be in a sound surplus position.

The Commission is required to reimburse the Superannuation Fund for 50 percent of payments made to retired employees. The actuarial present value of this obligation determined in accordance with the formula contained in the triennial actuarial report, including provision for increases in pensions due to increases in the cost of living, is $3 735 000 at March 31, 1986 (March 31, 1985: $3 098 000).

A portion of the funds on deposit with the Minister of Finance, Government of the Province of Manitoba has been designated by the Commission in an amount sufficient to fully fund the actuarially-determined future liability.

b. Sick Leave Vesting

A portion of each employee's unused annual sick leave allowance is vested payable on termination of employment. The vested amount as at March 31, 1986 is $401 000 (1985: $309 000).

4. ADVANCE FROM THE GOVERNMENT OF THE PROVINCE OF MANITOBA

Principal and interest at 10% repayable $2 001 629 per annum through 1990.

	1986	1985
Opening balance	$5 095 000	$8 717 000
Application of net proceeds from disposal of computer equipment	-	2 266 000
Principal due within one year	1 493 000	1 356 000
	$3 602 000	$5 095 000

Interest expense	$645 000	$879 000
Less income earned on deposits with the Minister of Finance, Government of the Province of Manitoba	512 000	459 000
	$133 000	$420 000

5. FIXED ASSETS

	1986			1985
	Cost	Accumulated Depreciation and Amortization	Net	Net
Computer Equipment				
- Owned	$ 6 464	$5 038	$ 1 426	$1 898
- Capital Lease	8 168	42	8 126	-
Furniture and fixtures	745	310	435	355
Leasehold improvements	570	240	330	73
	$15 947	$5 630	$10 317	$2 326

a. In January, 1986 Manitoba Data Services entered into a sixty-month operating lease agreement for a 3090-200 processor. This lease is terminable by MDS after thirty-six months upon payment of a termination fee equal to three months lease payments ($438 000). Manitoba Data Services anticipates that, at the end of the thirty-six month period, the processor shall be returned to the lessor; accordingly, the $438,000 termination fee is being charged to operations over a thirty-six month period.

b. A second 3090-200 processor was installed in March, 1986 replacing the 3084-QX which was returned to the lessor without penalty as provided by the terms of the 1984 lease agreement. This second processor is leased under a sixty-six month capital lease.

c. Future minimum payments under capital and operating leases, together with the present value of the net minimum payments under the capital leases, are as follows:

Years Ending March 31,	Leases Capital	Leases Operating
1987	$ 1 665 000	$2 206 000
1988	1 963 000	2 206 000
1989	1 963 000	2 158 000
1990	1 884 000	-
1991	1 857 000	-
Subsequent years	1 238 000	-
Total minimum lease payments	$10 570 000	$6 570 000
Less interest element (Average 11%)	2 429 000	
Present value of net minimum lease payments	8 141 000	
Less principal due within one year	1 009 000	
Capital equipment leases payable	$ 7 132 000	

6. LONG-TERM ACCOUNTS RECEIVABLE

Term financing is extended to clients for the purchase of computer equipment and for systems development. Principal amounts receivable within one year of $125 000 (1985: $184 000) are included in current accounts receivable.

7. RELATED-PARTY TRANSACTIONS

Substantially all revenue earned by Manitoba Data Services and related accounts receivable are from departments of the Government of the Province of Manitoba, its Crown corporations and agencies.

8. COMPARATIVE FIGURES

Certain of the 1985 figures have been restated consistent with the 1986 presentation.

Manitoba

MANITOBA DEVELOPMENT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 5, of the Manitoba Development Corporation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As set out in note 8 to the financial statements, the Corporation does not recover administrative costs for its participation in the Jobs Fund Loan Program and from the assistance provided to corporations. Part II of The Development Corporation Act and Section 7 of Revised Regulation D60-R1 provide that the Corporation shall charge a management fee which shall be equivalent to its estimated expenses of acting on behalf of the Government of Manitoba. The Corporation has not charged a management fee for the operation of the Jobs Fund Loan Program or for assistance provided to corporations under Part II of The Development Corporation Act. The effect of this is to understate its accounts receivable and the deficit by an estimated $200,000 (1985 - $100,000) and to understate recoveries from the Province of Manitoba and to overstate the net loss for the year by an estimated $100,000 (1985 - $100,000).

In our opinion, these financial statements, except for the exclusion of the estimated management fee as described in the preceding paragraph, present fairly the financial position of the Manitoba Development Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied, after giving effect to the change in accounting for common administrative expenses as disclosed in note 2 to the financial statements, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

September 30, 1986,
Winnipeg, Manitoba.

Exhibit A

MANITOBA DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

Part I

	1986	1985
Cash in bank	$ 57,258	$ 205,286
Short-term deposits with the Province of Manitoba	9,091,854	11,015,865
Accounts receivable and accruals	252,992	313,476
Recoverable from the Province of Manitoba (note 3)	234,412	275,593
Due from Part II	54,580	54,480
Loans receivable, less allowance for doubtful accounts, Schedule 3	7,980,085	8,649,926
Equity investments and related loan receivable, Schedules 1 and 2, less allowance for losses, Schedule 3	-	-
Properties held for resale, at the lower of cost or estimated realizable value	126,578	161,837
Office furniture at cost, less accumulated depreciation $52,576 (1985 - $53,035)	7,077	1,373
	$ 17,804,836	$ 20,677,836

ASSETS

Part II

	1986	1985
Cash in bank	$ 28,316	$ 116,962
Loans receivable:		
General:		
Principal	2,740,227	2,194,870
Interest	374,575	268,130
Jobs Fund Loan Program:		
Principal and interest	14,083,849	11,840,000
Equity investments and related loan receivable, Schedule 4	12,951,509	13,114,172
	$ 30,178,476	$ 27,534,134

Exhibit A

LIABILITIES

Part I

	1986	1985
Accounts payable - trade	$ 80,797	$ 50,727
- Province of Manitoba	11,665	12,481
	92,462	63,208
Amount due to the Communities Economic Development Fund	392,644	361,627
Allowance for loss on investment in Flyer Industries Limited, Schedule 3 (note 1(c))	23,961,074	13,807,789
	24,446,180	14,232,624

SHAREHOLDER'S EQUITY

	1986	1985
Capital Stock:		
Authorized:		
500,000 shares, par value $100 each		
Issued and fully paid - 500,000 shares	50,000,000	50,000,000
Less: deficit, Exhibit C	56,641,344	43,554,788
	(6,641,344)	6,445,212
	$ 17,804,836	$ 20,677,836

LIABILITIES

Part II

	1986	1985
Trust liability re Destination Manitoba	$ 25,000	$ 116,544
Interest payable	657,946	223,203
Due to Part I	54,580	54,480
Advances from the Province of Manitoba:		
General	15,683,718	15,299,907
Jobs Fund Loan Program	13,757,232	11,840,000
	29,440,950	27,139,907
	$ 30,178,476	$ 27,534,134

Exhibit B

MANITOBA DEVELOPMENT CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Interest and fees:		
Loans and guarantees - Part I	$ 1,353,114	$ 1,379,023
- Part II	736,057	863,398
Term deposits	1,107,257	1,141,419
	3,196,428	3,383,840
Rental income - net	6,107	7,938
Recoveries - Province of Manitoba (note 4)	141,115	325,743
Property tax recovery	-	18,028
	3,343,650	3,735,549
Expenditure:		
Interest - Province of Manitoba - Part II	736,057	863,398
Salaries and benefits	254,105	205,204
Other expenses (note 7(b))	362,210	657,621
Reimbursement to Communities Economic Development Fund for share of common administrative expenses (note 2)	80,000	90,000
	1,432,372	1,816,223
Excess of revenue over expenditure before the following:	1,911,278	1,919,326
Less: Provision for doubtful accounts and losses on investments, Schedule 3	14,386,133	18,709,555
Net loss for the year	12,474,855	16,790,229
Add: Subsidy to the Communities Economic Development Fund (note 7(a))	611,701	725,555
Transfer to deficit, Exhibit C	$ 13,086,556	$ 17,515,784

Exhibit C

MANITOBA DEVELOPMENT CORPORATION

Statement of Deficit
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Balance - beginning of year	$ 43,554,788	$ 26,039,004
Transfer from revenue and expenditure, Exhibit B	13,086,556	17,515,784
Balance - end of year, Exhibit A	$ 56,641,344	$ 43,554,788

Schedule 1

MANITOBA DEVELOPMENT CORPORATION

Part I Equity Investments and Related Loan Receivable as at March 31, 1986

	Shares Issued and Outstanding	Shares owned by the Manitoba Development Corporation	Equity Investments	Loan Receivable
William Clare (Manitoba) Limited				
Equity investment-nominal value:				
Common shares	100	100	$ 1	
Flyer Industries Limited				
Equity investment-at cost:				
Preferred shares	10,000,000	9,682,000	9,682,000	
Subordinate preferred shares	8,000,000	8,000,000	8,000,000	
Common shares	552,883	552,563	16,750,106	
Loan receivable				$ 7,280,874
			$ 34,432,107	$ 7,280,874

Summary:	
Equity investments	$ 34,432,107
Loan receivable	7,280,874
	41,712,981
Less: Allowance for losses, Schedule 3	41,712,981
Equity investments and related loan receivable - net	$ -

MANITOBA DEVELOPMENT CORPORATION

Part I Account in Receivership as at March 31, 1986

	1986	1985
Saunders Aircraft Corporation Limited	$ 100	$ 100
Less: Allowance for estimated losses, Schedule 3	100	100
Account in receivership - net	$ -	$ -

Schedule 3

MANITOBA DEVELOPMENT CORPORATION

Part I Allowance for Doubtful Accounts and Losses on Investments for the year ended March 31, 1986

	Balance March 31, 1985	Add: Provision	Balance March 31, 1986
Loans receivable	$ 50,000	$ (50,000)	$ -
Equity investments and related loan receivable, Schedule 1 (note 1(c))	37,430,134	4,282,848	41,712,982
Additional loss on investment in Flyer Industries Limited, Exhibit A (note 1(c))	13,807,789	10,153,285	23,961,074
Account in receivership, Schedule 2	100	-	100
	$ 51,288,023	$ 14,386,133	$ 65,674,156

Schedule 4

MANITOBA DEVELOPMENT CORPORATION

Part II Equity Investments and Related Loan Receivable as at March 31, 1986

	Shares Issued and Outstanding	Shares owned by the Manitoba Development Corporation	Equity Investments	Loan Receivable
A. E. McKenzie Co. Ltd.				
Equity investment - at cost:				
Preferred shares	12,154,000	12,154,000	$ 12,154,000	
Common shares	1,145	-	-	
Loan receivable:				
Principal				$ 789,491
Interest				8,018
			$ 12,154,000	$ 797,509

Summary:

Equity investments	$ 12,154,000
Loan receivable	797,509
Equity investments and related loan receivable, Exhibit A	$ 12,951,509

Schedule 5

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted for the year ended March 31, 1986

Assistance Approved Under Part I of The Development Corporation Act	
Flyer Industries Limited	
Loan - interest 10 1/2% - 5 month term	$ 2,000,000
Indemnity - fee nil - no term	1,000,000
Assistance Approved Under Part II of The Development Corporation Act	
General:	
Tantalum Mining Corporation of Canada Limited	
Loan - interest rate at chartered bank prime rate - repayable on demand	310,000
Jobs Fund Loan Program:	
Arctic Co-operatives Limited (note 9)	
Loan - interest nil - forgiveable	225,000
Loan - interest nil - 5 year term	225,000
Canada Wire and Cable Ltd. (note 9)	
Loan - interest nil - forgiveable	230,625
Canadian Occidental Petroleum Ltd. (note 9)	
Loan - interest nil - forgiveable	500,000
Rock Lake Oil Seeds (1985) Holding Company Ltd.	
Guarantee - fee 2% per annum - 5 year term	2,250,000
Sherrgold Inc.	
Loan - interest 9.75% - 5 year term	2,000,000
Simon-Day Ltd.	
Loan - interest 12% - 5 year term	1,000,000
Vicon Ltd. (note 9)	
Loan - interest nil - forgiveable	1,000,000

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1986

1. Significant Accounting Policies:

(a) The Corporation loans and provides loan guarantees under Part I and Part II of The Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba (note 8). Part I activities are subject to the limitations outlined in note 5.

Losses under Part I are accounted for by the Corporation but losses under Part II are the responsibility of the Province.

(b) An accrual basis of accounting is being followed except for the accounting for pension costs as set out in (e) below.

(c) The Corporation's financial statements do not include the accounts of its two subsidiary companies on a consolidated basis.

The Corporation's investment in Flyer Industries Limited is recorded at cost less an allowance for loss. The Corporation provides for losses of Flyer Industries Limited based on the accumulated deficit as reported in Flyer Industries Limited's audited financial statements at the previous December 31. The Flyer Industries Limited accumulated deficit is first applied as an allowance for loss on the Corporation's investment in Flyer Industries Limited. The remaining amount of the accumulated deficit is recorded as a liability of the Corporation.

The Corporation's investment in William Clare (Manitoba) Limited is shown at a nominal value of $1.

(d) The allowance for doubtful accounts has been determined on an individual account basis.

(e) The employees of the Corporation are not members of the Civil Service of the Province but they contribute to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pensions paid to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $246,073 as at December 31, 1985, ($209,602 as at December 31, 1984).

(f) The Manitoba Development Corporation is jointly administered with the Communities Economic Development Fund (CEDF). Common administrative expenses are initially paid by CEDF, except for rent and utilities costs which are paid by the Corporation. At the year end, common administrative expenses are reviewed and allocated between CEDF and the Corporation on a proportionate basis as determined by officials of CEDF and the Corporation. The difference between the administrative expenses paid by the Corporation and the prorated administrative expenses are reflected as either a recovery of administrative expenses or as a reimbursement to CEDF for the Corporation's share of common administrative expenses.

(g) Office furniture is depreciated at 10% on a straight line basis.

2. Change in Accounting Policy:

The accounting policy regarding common administrative expenses, note 1(f) is changed from the previous year. In the previous year, administrative expenses common to both the Corporation and CEDF were paid by CEDF, except for rent and utility costs which were paid by the Corporation. Common administrative expenses are now reviewed annually and allocated between the Corporation and CEDF on a proportionate basis as determined by officials of the Corporation and CEDF. The change in the accounting policy has been applied to the current and prior year's figures. The effect of the change is to increase the Corporation's net loss for the year and to reduce the subsidy to the Communities Economic Development Fund by $80,000 in 1986 and $90,000 in 1985.

3. Recoverable from the Province of Manitoba:

	1986	1985
Costs or fees re:		
Flyer Industries Limited	$ -	$ 213,500
The Pas Forestry Complex (note 6(c))	204,815	25,930
Destination Manitoba (note 8)	12,346	22,808
Manitoba Interest Rate Relief Program (note 8)	17,251	13,355
	$ 234,412	$ 275,593

4. Recoveries from the Province of Manitoba:

	1986	1985
Cost or fees re:		
Flyer Industries Limited	$ -	$ 213,500
Destination Manitoba (note 8)	56,199	98,888
Manitoba Interest Rate Relief Program (note 8)	84,916	13,355
	$ 141,115	$ 325,743

5. Lending Operations:

The Corporation's lending operations under Part I were suspended effective November 15, 1977 except that, since that date, on the direction of the Province of Manitoba, both Part I and Part II guarantee and loan commitments have been made. Guarantees and loan commitments outstanding are included in note 6.

6. Contingent Liabilities and Commitments:

(a) Contingent Liabilities:

i) The Corporation has provided a guarantee to a financial institution to a maximum of $20,500,000 with respect to Flyer Industries Limited bank loans (1985 - $20,500,000). The Corporation has fully provided for the potential loss on default of the bank loans by Flyer Industries Limited. (See note 1(c)).

ii) The Corporation has provided a $1,000,000 performance guarantee to the Toronto Transit Commission regarding Flyer Industries Limited's contract to supply buses to the Commission (1985 - Nil).

iii) The Corporation has provided guarantees under the Jobs Fund Loan Program as follows:

	1986	1985
Gravure Graphics Ltd. - bank guarantee	$ 975,000	$ 975,000
- line of credit	250,000	250,000
Rock Lake Oil Seeds (1985) Holding Company Ltd.- bank guarantee	2,250,000	-

(b) Commitments:

	1986	1985
Part I Commitment - undisbursed balance of approved loan:		
Flyer Industries Limited	$ 3,000,000	$ 5,430,520
Part II Commitment - undisbursed balances of approved loans:		
Destination Manitoba	$ 202,462	$ 768,022
Tantalum Mining Corporation of Canada Limited	350,500	115,500
Jobs Fund Loan Program	4,189,651	926,227
	$ 4,742,613	$ 1,809,749

(c) The Pas Forestry Complex:

In accordance with the terms of an agreement dated March 25, 1975, between Manfor Ltd., the Province of Manitoba and the Corporation, the Corporation has a continuing responsibility to press and defend all claims in connection with the affairs of the several companies comprising The Pas Forestry Complex. All costs incurred by the Corporation in respect of such claims will be reimbursed by the Province.

The Receiver's activities concerning The Pas Forestry Complex are substantially complete. A final settlement agreement was reached and funds, including interest, in the amount of $3,002,219 were transferred through the Manitoba Development Corporation to the Province of Manitoba in May, 1986. Third party proceedings with respect to the settlement are continuing. The remaining funds in the Receiver's accounts will be transferred to the Province of Manitoba in the near future and the Receiver will apply to the courts to be discharged when the third party proceedings have been finalized.

(d) Saunders Aircraft Corporation Limited:

Saunders Aircraft Corporation Limited was placed in receivership by the Manitoba Development Corporation on May 20, 1976. The Manitoba Development Corporation has indemnified the Receiver-Manager for expenses, losses or damages incurred.

Funds realized from the receivership actions, less an estimated amount retained by the Receiver-Manager to cover future administrative costs, are remitted to the Province of Manitoba. Funds in excess of those required by the Receiver-Manager are payable to the Province.

The Receiver-Manager has advised the Manitoba Development Corporation that the final outstanding account has been realized by a court settlement in the amount of $200,000 less legal fees. When this transaction is finalized, the Receiver-Manager will apply to the courts to be discharged.

(e) Litigation:

With the sale of Flyer Industries Limited on July 15, 1986 and the Corporation's indemnification to the purchaser, the Corporation assumes all of Flyer Industries Limited's lawsuits as at the date of sale and any lawsuits that may arise with respect to business dealings prior to the date of sale. At the date of sale the company was involved in certain claims and lawsuits. The outcome of these claims is not known at this time.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1986

7. Administration of the Corporation:

   (a) The Manitoba Development Corporation provides the subsidy assistance required by the Communities Economic Development Fund to the extent of the Fund's excess of expenditure over revenue.

   (b) Included in other expenses in Exhibit B are expenditures of $136,942 incurred by the Corporation, as the majority shareholder in Flyer Industries Limited, related to the development of corporate strategies, etc. for Flyer Industries Limited.

8. Activities Undertaken on the Initiative of the Province of Manitoba:

   Part II of The Development Corporation Act authorizes the Corporation to undertake activities at the direction of the Province. Such activities include:

   (a) Assistance to corporations under the general authority of Part II of The Development Corporation Act.

   (b) Acting as the agent for the Province in administering portions of the Destination Manitoba Program in respect to:

      i) providing loan assistance for capital projects related to the development and expansion of rural tourist facilities and

      ii) acting as a conduit for the conditional grant aspect of the program which is funded through the Department of Business Development and Tourism.

   (c) Acting as the agent for the Province in providing loans and other assistance under the Jobs Fund Loan Program.

   (d) Monitoring the loan portfolio of The Manitoba Interest Rate Relief Program for Small Business.

   The Corporation is entitled to recover administrative costs for administering the Destination Manitoba Program and the Manitoba Interest Rate Relief Program for Small Business. The Corporation does not recover administration costs for its participation in the Jobs Fund Loan Program and for the assistance provided to Corporations, estimated at $100,000 during the current fiscal period (1985 - $100,000).

9. Jobs Fund Loan Program:

   (a) If borrowers default on conditions of the loans, then the loans become repayable in whole or in part and interest may be charged. All losses are the responsibility of the Province.

b) Interest on these loans is billed to and payable by the Department of Industry, Trade and Technology.

10. Destination Manitoba:

The first $25,000 of a loan is non-interest bearing if companies adhere to conditions of the loan. The balance of the loan bears interest at one-half of the bank commercial prime rate adjusted quarterly; however, the rate charged will not exceed 7%.

11. Economic Dependence:

The Corporation is dependent on the Province of Manitoba for its continued operations.

12. Comparative Figures:

The 1985 figures have been restated where necessary to conform with the 1986 financial statement presentation.

13. Subsequent Event:

On July 15, 1986, the Manitoba Development Corporation entered into an agreement with BV Carrosseriefabrieken den Oudsten en Zonen for the sale of the shares of Flyer Industries Limited for the sum of $1,000,000. As a result of this divestiture, the overall net cost to the Province of Manitoba is estimated to be in the range of $96 - $100 million. Approximately $14 million will be paid directly by the Province with the remainder being processed through the Corporation. A net amount of approximately $81 million of these costs had been disbursed as of September 30, 1986.

The Manitoba Development Corporation has also agreed to provide a Canadian chartered bank with a guarantee as to the amount outstanding under a line of credit established by BV Carrosseriefabrieken den Oudsten en Zonen to a maximum of $8,000,000. The guarantee shall be reduced by $1,000,000 on each July 15 commencing July 15, 1988 until July 15, 1991 at which time the guarantee shall be reduced to zero.

Financial Statements

Auditors' Report

To the Board of Directors
of the Manitoba Energy Authority:

We have examined the statements of receipts and disbursements of the MANITOBA ENERGY AUTHORITY for the years ended March 31, 1986 and 1985. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As explained in Note 2, the accompanying Statements of Receipts and Disbursements have been prepared in accordance with the Government of the Province of Manitoba's cash basis of accounting. The method of accounting used to prepare the statements of receipts and disbursements differs from generally accepted accounting principles and is not intended to present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the receipts and disbursements of the Manitoba Energy Authority for the years ended March 31, 1986 and 1985.

Arthur Andersen & Co.

Arthur Andersen & Co.

Winnipeg, Manitoba

Statements of Receipts and Disbursements

For the years ended March 31, 1986 and 1985

	1986	1985
Receipts:		
Department of Energy and Mines appropriation	$ 125,343	$ 249,809
Advances from the Province of Manitoba (Note 3)	1,150,000	625,000
Miscellaneous receipts	16,838	
	$1,292,181	$874,809
Disbursements:		
Operating expenditures:		
Personnel services (Note 4)	$ 479,618	$ 264,838
Grants	—	10,000
Transportation	52,859	44,823
Communication	103,470	19,747
Rent (Note 4)	58,096	11,177
Professional services (Note 4)	405,883	261,974
Debt financing (Note 3)	125,343	30,970
Other operating	55,737	62,383
Total operating expenditures	$1,281,006	$ 705,912
Capital expenditures:		
Leasehold improvements	$ 3,613	$ 65,174
Furniture, furnishings and office equipment	527	54,180
Word processing and computer equipment		47,932
Total capital expenditures	$ 4,140	$ 167,286
Total disbursements	$1,285,146	$ 873,198
Excess of Receipts over Disbursements	$ 7,035	$ 1,611

Notes to Statements of Receipts and Disbursements

For the years ended March 31, 1986 and 1985

1. Authority

The Manitoba Energy Authority is incorporated under a specific Statute in the Province of Manitoba, being "The Manitoba Energy Authority Act", (assented to July 29, 1980), Chapter E 112 of the Statutes of Manitoba, 1980.

The Authority is responsible for developing and implementing policies to ensure the long-term stability and availability of electrical energy supply to Manitobans. The Authority is also responsible through its Electrical Energy Marketing Committee for negotiating export sales of electrical energy with other provincial utilities and with utilities in the United States.

2. Significant Accounting Policies

a) *General*

The accompanying Statements of Receipts and Disbursements has been prepared in accordance with the Government of the Province of Manitoba's cash basis of accounting, including the accounting for pension costs as set out in Note 2 b).

Receipts and Expenditures are recorded on a cash basis, modified to allow an additional forty-five days after the end of the fiscal year for the processing of receipts and payments pertaining to that fiscal year.

Capital acquisitions of all kinds (defined as real property and chattels that are deemed to have an economic life in excess of one year) are recognized as expenditures in the year of acquisition.

b) *Pension Costs*

Pursuant to subsection 29 of The Manitoba Energy Authority Act, the Lieutenant Governor in Council has directed that The Civil Service Superannuation Act apply to employees who were employed under The Civil Service Act immediately prior to becoming employed as officers or employees of The Manitoba Energy Authority effective the date on which they become employed with The Manitoba Energy Authority. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Authority is required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. No such payments were made for the years ended March 31, 1986 and 1985.

An actuarial evaluation of the Civil Service Superannuation Fund will be completed in mid 1987 based on the calendar year ending 1986. This evaluation will determine the precise calculation of the unfunded liability which exists for the Authority's participating staff.

The Authority has also established a Money Purchase Pension Plan for those employees who do not contribute to the Civil Service Superannuation Fund. The Plan provides for full vesting after a qualifying period by the employees. Both the Authority and the employees contribute to the Plan on the basis of the employees' regular salary.

3. Capital Authority

The Legislature has authorized the borrowing and spending of monies for the operations of The Manitoba Energy Authority as follows:

a) Legislature Authority - The Loan Act, 1984
b) Authorization - $5,000,000
c) Unexpended balance as at March 31, 1986 - $3,225,000

Advances of $1,150,000 and $625,000 for the years ended March 31, 1986 and 1985 bear interest at the prevailing bank prime rate and accrued interest is paid quarterly from an appropriation of the Department of Energy and Mines. Advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

4. Future Commitments

As at March 31, 1986, the Authority has future commitments relating to its lease for premises (to May 31, 1987) and other leases and maintenance agreements totalling approximately $60,000.

The Authority has entered into employment contracts with five of its employees. These agreements terminate during the period March 31, 1987 to October 2, 1987. These agreements entail an annual commitment of approximately $304,900. The Authority has also entered into consulting contracts which have a potential future obligation totalling $158,700.

5. Northern States Power Company (NSP) Contract

The Authority negotiated and is a co-signer with The Manitoba Hydro-Electric Board in an agreement dated June 14, 1984 to supply 500 MW or 500,000 Kilowatts of power to NSP for a 12-year period — May 1, 1993 to April 30, 2005, at an annual average capacity factor of 75%.

It is anticipated that the Authority will be reimbursed for expenses incurred in negotiating export sale agreements.

6. Limestone Industrial Benefits Coordination

The Manitoba Energy Authority is responsible for coordinating all departmental/Manitoba Hydro activities relating to industrial and employment benefits associated with the Limestone Generating Station Project.

The Manitoba Jobs Fund provides funding for all Limestone related expenditures except for the salary of the Information Services Coordinator, which was paid by the Authority to January 3, 1986 and consulting contracts entered into regarding Limestone Project financing.

7. Related Party Transactions

The Province of Manitoba, through the Department of Energy and Mines, provides administrative services to the Authority without charge for such services. Management estimates the value of these services for the years ended March 31, 1986 and 1985 to be $12,000 and $10,000 respectively.

Manitoba

THE MANITOBA HEALTH RESEARCH COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Manitoba Health Research Council for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Council as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 3 to the financial statements applied, on a basis consistent with that of the preceding year.

J. W. Singleton, C.A.,
Assistant Provincial Auditor.

June 12, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA HEALTH RESEARCH COUNCIL

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Cash	$ 266,931	$ 40,134
Grant receivable from The Manitoba Lotteries Foundation	127,116	161,910
Grant receivable from the Government of the Province of Manitoba	-	102,364
Accrued interest	2,388	1,051
	$ 396,435	$ 305,459
LIABILITIES AND UNEXPENDED FUNDS		
Accounts payable	$ 3,574	$ 3,494
Research grants payable	280,059	507,580
Unexpended funds (deficit), Exhibit B	112,802	(205,615)
	$ 396,435	$ 305,459

The accompanying notes are an integral part of the financial statements.

Exhibit B

THE MANITOBA HEALTH RESEARCH COUNCIL

Statement of Revenues and Expenditures and Unexpended Funds for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Revenues:		
Grant from the Government of the Province of Manitoba	$ 787,000	$ 787,000
Grant from The Manitoba Lotteries Foundation	816,034	708,952
Returned grant funds	6,388	18,848
Bank interest	7,367	1,945
	1,616,789	1,516,745
Expenditures:		
Research grants (Note 3(b)):		
University of Manitoba on behalf of grantees	1,187,519	1,653,158
University of Winnipeg on behalf of grantees	15,300	-
Manitoba Cancer Treatment and Research Foundation on behalf of grantees	34,000	-
Brandon University on behalf of grantees	12,000	-
St. Boniface Hospital on behalf of grantees	4,600	-
	1,253,419	1,653,158
Administration expenses, Schedule 1	44,953	51,202
	1,298,372	1,704,360
Revenues over (under) expenditures	318,417	(187,615)
Balance of unexpended funds(deficit), beginning of year	(205,615)	(18,000)
Balance of unexpended funds(deficit), end of year, Exhibit A	$ 112,802	$ (205,615)

The accompanying notes are an integral part of the financial statements.

Schedule 1

THE MANITOBA HEALTH RESEARCH COUNCIL

Administration Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Accounting and audit	$ 1,150	$ 875
Bank charges	28	50
Council and committee expenses	544	405
Insurance	100	75
Office equipment (Note 3(a))	2,066	8,255
Symposium	1000	-
Postage and delivery	756	1,236
Printing and stationery	4,861	4,236
Salaries and benefits	33,464	35,739
Telephone	346	331
Travel	638	-
Total administration expenses, Exhibit B	$ 44,953	$ 51,202

The accompanying notes are an integral part of the financial statements.

THE MANITOBA HEALTH RESEARCH COUNCIL

Notes to the Financial Statements
for the year ended March 31, 1986

1. INCORPORATION AND FUNCTION

The Manitoba Health Research Council was established by an Act of the Legislature, being Chapter 31, The Manitoba Health Research Council Act, which came into force effective August 15, 1982. The Council was established to promote and assist basic, clinical and applied research in the health sciences in Manitoba and advise the Minister in respect of such matters relating to health research as the Minister may refer to the Council for its consideration.

2. CHARITABLE STATUS

The Manitoba Health Research Council is a registered charity within the meaning of the Income Tax Act.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) An accrual basis of accounting is used except for office equipment purchases, which are charged to expenditures in the year of acquisition.

(b) Research grants are charged to expenditures when funding is approved by the Council.

Manitoba

MANITOBA HEALTH SERVICES COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B, C and Schedule 1, of the Manitoba Health Services Commission for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

June 17, 1986,
Winnipeg, Manitoba.

Statement A

MANITOBA HEALTH SERVICES COMMISSION

BALANCE SHEET

AS AT MARCH 31, 1986

(With 1985 Figures for Comparison)

ASSETS

	1986	1985
	(thousands of dollars)	
Cash on hand and in bank	$ 5,050	$ 166
Funds on deposit, Government of the Province of Manitoba	40,852	43,028
Accounts receivable:		
Government of the Province of Manitoba (Note 6)	639	79
Other Provinces and Territories	4,681	4,253
Other	421	740
	5,741	5,072
Land, buildings, furniture and equipment at nominal value of one dollar (Note 1)	-	-
	51,643	48,266
Funds held in trust re debenture trust agreements (per contra) (Notes 2 & 3)	20,345	18,121
	$ 71,988	$ 66,387

The accompanying notes are an integral part of the financial statements.

LIABILITIES

	1986	1985
	(thousands of dollars)	
Accounts payable and accrued charges:		
Hospital and personal care home services:		
Liability for unreported claims	$ 3,640	$ 2,616
Estimated adjustment payments under section 87(2) of The Health Services Insurance Act and other costs, net	14,796	10,855
	18,436	13,471
Medical services claims	20,936	22,293
Pharmacare claims	8,966	9,086
Ambulance grants	265	285
Air ambulance	192	53
Northern patient transportation claims	73	97
Other health services claims	1,361	1,560
General	562	541
	50,791	47,386
Working capital account, Statement C	852	880
	51,643	48,266
Funds held in trust re debenture trust agreements (per contra)	20,345	18,121
	$ 71,988	$ 66,387

Statement B

MANITOBA HEALTH SERVICES COMMISSION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 1986

(With 1985 Figures for Comparison)

	1986 (thousands of dollars)	1985
Revenue:		
Grants from the Government of the Province of Manitoba	$1,037,199	$ 969,662
Third party recoveries (Note 1)	3,856	4,314
Miscellaneous income	54	101
Total revenue	$1,041,109	$ 974,077
Expenditure:		
Hospital services:		
Hospitals within the Province (Note 7)	$ 611,563	$ 570,680
Hospitals outside the Province	12,083	11,044
	623,646	581,724
Medical services	202,138	188,789
Personal care home services (Note 7)	151,982	146,142
Pharmacare program	27,617	25,558
Ambulance program	2,045	2,010
Air ambulance program	1,627	112
Northern patient transportation program	2,728	2,568
Other health services (Note 5)	14,816	13,508
Administrative expenses, Schedule 1	14,538	13,780
Total expenditure	$1,041,137	$ 974,191
Expenditure over revenue, Statement C	$ 28	$ 114

The accompanying notes are an integral part of the financial statements.

Statement C

MANITOBA HEALTH SERVICES COMMISSION

STATEMENT OF WORKING CAPITAL ACCOUNT

FOR THE YEAR ENDED MARCH 31, 1986

(With 1985 Figures for Comparison)

	1986	1985
	(thousands of dollars)	
Balance, beginning of year	$ 880	$ 994
Less, expenditure over revenue, Statement B	28	114
Balance, end of year, Statement A	$ 852	$ 880

The accompanying notes are an integral part of the financial statements.

Schedule 1

MANITOBA HEALTH SERVICES COMMISSION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 1986

(With 1985 Figures for Comparison)

	1986	1985
	(thousands of dollars)	
Salaries and employee benefits	$ 10,108	$ 9,696
Office equipment	1,663	1,562
Professional services	636	543
Stationery and office supplies	522	437
Postage, express and delivery	382	364
Pension payments (Note 1)	291	251
Grant in lieu of realty taxes	167	160
Health and post-secondary education tax levy	151	141
Maintenance of land, building and office equipment	144	141
Telephone	144	138
Travel	117	107
Utilities	94	92
Bank charges	77	84
Miscellaneous	30	34
Commissioners' remuneration	7	9
Building renovations	5	21
	$ 14,538	$ 13,780

The accompanying notes are an integral part of the financial statements.

MANITOBA HEALTH SERVICES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1986

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accrual basis of accounting except for the following:

(i) PENSION

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to expense as incurred. A provision is not made in the accounts to fund current or past service obligations of the Commission to the Civil Service Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Commission's employees amounted to $11,971,000 as at December 31, 1985 ($10,516,000 as at December 31, 1984).

(ii) THIRD PARTY RECOVERIES

Third party recoveries are recorded on a cash basis.

(iii) INVENTORIES

Purchases of supplies are charged to operating expenditures as incurred. The Commission does not record the value of supplies on hand as an asset.

(iv) LAND, BUILDINGS, FURNITURE AND EQUIPMENT

Land, buildings, furniture and equipment are charged to operating expenditures in the year of acquisition. As at March 31, 1986, the Commission owns the following fixed assets:

1. Land and buildings of the Rehabilitation Centre for Children, Inc.
2. Land on which the building owned by the Manitoba Adolescent Treatment Centre Inc. is located.
3. Land and buildings of the Deer Lodge Centre Inc.
4. Land on which the Rideau Park Personal Care Home Inc. is to be located.
5. Land on which the new building to be owned by Klinic Inc. is to be located.
6. Diagnostic equipment located in the provincial laboratory and x-ray units throughout the Province.
7. Furniture and equipment located in the administration building.

The Commission is in the process of effecting the transfer of title to its administration building and land to the Government of the Province of Manitoba. The Commission will retain its use of and control over these assets.

NOTE 2. FUNDS HELD IN TRUST RE DEBENTURE TRUST AGREEMENTS

At March 31, these funds were on deposit as follows:

	1986	1985
	(thousands of dollars)	
Bank	$ 17,174	$ 15,319
Government of the Province of Manitoba	3,171	2,802
	$ 20,345	$ 18,121

NOTE 3. CAPITAL FINANCING

Hospitals and personal care homes have obtained financing for capital construction by issuing debentures, or arranging for mortgages or long-term loans. The Hospital Capital Financing Authority, which was established in 1972, approves the issue of all securities to finance these capital expenditures and assists in obtaining an orderly market for the sale of the securities.

Funds for servicing approved capital debt incurred for the construction and acquisition of facilities for the provision of insured services are included in the Commission's expenditures. For the year ended March 31, 1986 the amount related to interest and principal payments included in the expenditures for hospital and personal care home services shown on Statement B was $53,302,000 ($45,056,000 for the year ended March 31, 1985).

In accordance with arrangements with the hospitals and personal care homes, the Commission either holds in trust or disburses to the Province and other trustees, out of funds payable by it to these facilities, sufficient moneys to meet the interest and principal payments and sinking fund provisions for debentures.

At March 31, 1986 the amount of $20,345,000 ($18,121,000 as at March 31, 1985) shown on the balance sheet was being held by the Commission to meet future obligations for:

	1986	1985
	(thousands of dollars)	
Principal and interest payments to the debenture trustees payable in the next fiscal year	$ 14,737	$ 13,425
Sinking funds for the retirement of debentures	5,608	4,696
	$ 20,345	$ 18,121
In addition, sinking funds were being held by other trustees for the retirement of debentures at March 31	$ 12,223	$ 7,506

As at March 31, the approved outstanding capital debt of hospitals and personal care homes was:

	1986	1985
	(thousands of dollars)	
Canadian Dollars		
Debentures:		
Hospitals	$210,429	$213,947
Less, accumulated sinking funds	17,831	12,202
	192,598	201,745
Personal care homes	12,061	13,212
	204,659	214,957
Mortgages:		
Personal care homes(1)	57,555	55,822
Other:		
Hospitals	17,215	12,141
Personal care homes	3,747	3,192
	20,962	15,333
	$283,176	$286,112
United States Dollars		
Debentures:		
Hospitals	$ 10,500	$ 11,225

(1) Includes $20,519,000 ($18,577,000 as at March 31, 1985) National Housing Act mortgages which are subsidized by the Canada Mortgage and Housing Corporation.

In addition to the approved outstanding debt, lines of credit up to $126,505,000 ($55,675,000 as at March 31, 1985) have been approved to finance capital projects currently in process. On completion of these projects, the borrowings will be converted to long-term debt.

NOTE 4. LEASE COMMITMENT

Effective November 1, 1985, the Commission entered into a lease purchase agreement for the acquisition of an aircraft for the air ambulance program. The interest rate for the lease is equal to the monthly bank prime rate.

Based on a 10% average monthly prime interest rate, the future annual lease payments will be:

Year Ending March 31	Annual Lease Payments (thousands of dollars)
1987	$ 1,044
1988	1,044
1989	1,044
1990	1,044
to October 31, 1990	609
	$ 4,785

Under the terms of the lease, the Commission has the option to purchase the aircraft on November 1, 1990 at a price of $1,217,000, or to continue to lease the aircraft for an additional 16 months at $81,000 per month.

NOTE 5. OTHER HEALTH SERVICES

This group of expenditures consists of:

	1986	1985
	(thousands of dollars)	
Optometric	$ 4,423	$ 3,966
Chiropractic	7,482	6,777
Prosthetic and orthotic	2,911	2,765
	$ 14,816	$ 13,508

NOTE 6. MANITOBA CHILDREN'S DENTAL PROGRAM

Effective April 1, 1985, the Commission assumed responsibility for processing and payment of claims under the Manitoba Children's Dental Program. The Department of Health is responsible for the establishment of policy for the administration of the program and for providing the Commission with funds for the payment of approved claims.

For the year ended March 31, 1986, the Commission paid claims for approved services amounting to $1,482,000. Of this amount, $1,005,000 was recovered from the Department of Health during the year. The balance of $477,000 is included in accounts receivable - Government of the Province of Manitoba as at March 31, 1986. These payments and recoveries have been excluded from the statement of revenue and expenditure.

The Commission's direct administrative costs for processing the payment of claims are not recovered from the Department. These costs amounted to approximately $130,000 for the year ended March 31, 1986.

NOTE 7. HOSPITAL AND PERSONAL CARE HOME SERVICES

The Commission provides funds to hospitals and personal care homes to establish reserves for the replacement of equipment. For the year ended March 31, 1985 the Commission deferred the funding of these reserves for one year. The deferral amounted to $4,200,000. The Commission re-instituted funding of these reserves for the year ended March 31, 1986.

Manitoba

THE HORSE RACING COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C, of The Horse Racing Commission for the year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

June 16, 1986,
Winnipeg, Manitoba.

Exhibit A

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Current assets:		
Cash on hand and in bank	$ 64,734	$ 116,478
Accounts receivable arising from 1982 temporary track closure (Note 3)	47,653	48,396
Grant receivable - Government of the Province of Manitoba	24,056	60,000
Prepaid expenses	1,696	-
	$ 138,139	$ 224,874
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 31,526	$ 41,059
Accounts payable - re employee	-	6,922
Undistributed grants, Exhibit C	-	13,061
Advance - Government of the Province of Manitoba	35,000	-
Deferred revenue	8,940	6,170
	75,466	67,212
Reserve for future legal costs	3,500	-
Funds available for future operations, Exhibit B	59,173	157,662
	$ 138,139	$ 224,874

Exhibit B

THE HORSE RACING COMMISSION

Statement of Revenue and Expenditure and Funds Available for Future Operations for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Revenue:		
Grant from the Government of the Province of Manitoba	$ 290,000	$ 396,500
Fees, licenses and fines (Note 4)	142,052	144,940
Interest	11,790	-
Sundry	1,496	-
	445,338	541,440
Expenditure:		
Advertising and promotion	720	431
Building renovations	-	181
Commissioners' honoraria	25,044	20,853
Employee benefits	17,542	20,854
Equipment and office furniture	9,133	1,871
Equipment rentals	12,732	11,248
Health and post secondary education tax levy	5,039	5,282
Hearings and appeals	11,335	9,347
Identification supplies	8,148	11,066
Memberships and dues	4,717	5,612
Office	12,349	9,857
Professional fees	27,359	15,022
Recruiting costs	4,626	2,277
Repairs and maintenance	7,767	6,915
Research grant	5,000	5,000
Salaries:		
Administration	114,029	104,065
Security	4,335	5,515
Stewards and judges	168,251	168,296
Veterinarian services	61,699	59,954
Sundry	22	2,340
Telephone	7,506	7,905
Training costs - salary and travel	18,250	34,066
Travel	14,724	25,320
	540,327	533,277
Revenue (under) over expenditure	$ (94,989)	$ 8,163
Funds available for future operations at beginning of year	$ 157,662	$ 149,499
Revenue (under) over expenditure	(94,989)	8,163
Appropriated to reserve for future legal costs	(3,500)	-
Funds available for future operations at end of year, Exhibit A	$ 59,173	$ 157,662

Exhibit C

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts and Disbursements for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Grant received from the Government of the Province of Manitoba	$ 4,388,743	$ 3,626,276
Grants disbursed:		
Thoroughbred		
Overnight purse support	2,589,161	1,944,688
Owners/Breeders incentive	595,405	519,259
C.T.H.S. administrative grant	35,000	31,430
Standardbred		
Overnight purse support	639,965	633,826
Owners/Breeders incentive	288,334	227,410
M.S.S. & B.A. administrative grant	10,000	-
Standardbred rural		
Overnight purse support	120,588	158,827
Owners/Breeders incentive	63,900	63,400
Stakes program	20,000	20,000
Capital grants	29,351	22,078
Quarter horse		
Overnight purse support	8,100	9,500
Stakes program	2,000	2,000
	4,401,804	3,632,418
Disbursements over receipts	13,061	6,142
Undistributed grants - beginning of year	13,061	19,203
Undistributed grants - end of year, Exhibit A	$ -	$ 13,061

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1986

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $73,517 as at December 31, 1985 ($54,500 - December 31, 1984).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit C) from the general administrative activities of the Commission.

3. Accounts receivable arising from 1982 temporary track closure

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.B.P.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provided for the payment of amounts owing to individual horsemen as a result of the default by Assiniboia Downs 1981 Ltd.

3. Accounts receivable arising from 1982 temporary track closure (continued)

In addition, a letter of understanding dated August 7, 1982, from the H.B.P.A. provided that the H.B.P.A. would reimburse the Commission for the 1982 purse overpayments incurred by Winnipeg Racing Ltd., which were paid by the Commission.

On the basis of the above agreements, the accounts receivable consist of the following:

Charged during 1982:		
re: July 21, 1982 agreement		$ 106,985
re: August 7, 1982 letter of understanding		170,604
Accounts receivable, as at December 31, 1982		277,589
Payments received during the 15 month period ended March 31, 1984	$ 109,000	
1982 H.B.P.A. undistributed grant funds applied	17,201	126,201
Accounts receivable as at March 31, 1984		151,388
Payments received during the year ended March 31, 1985		102,992
Accounts receivable as at March 31, 1985		48,396
Payments received during the year ended March 31, 1986		743
Accounts receivable as at March 31, 1986		$ 47,653

The July 21, 1982 agreement further provided that surplus funds of Winnipeg Racing Ltd. would reduce the amount owing to the Commission. Winnipeg Racing Ltd. has been wound up effective March 1, 1985. The surplus amounted to $20,735. The Commission received $19,992 of the surplus during the year ended March 31, 1985, which has been included in the $102,992 above, and received the balance of $743 in the year ended March 31, 1986.

THE HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 1986

4. Fees, licences and fines

	1986	1985
Thoroughbred		
Daily licences	$ 32,400	$ 36,600
Fees and licences	52,177	44,530
Fines	4,015	4,665
	88,592	85,795
Standardbred		
Daily licences	28,650	31,400
Fees and licences	12,685	11,755
Fines	12,125	15,990
	53,460	59,145
	$ 142,052	$ 144,940

5. Contingent liabilities

The Commission is liable in respect to legal claims pending completion of the appeal process. Potential liabilities have been established at $80,800 plus interest and costs for one claim and $3,500 in costs and disbursements for the other claim. Although the Commission is not the defendant in one case, it has agreed to indemnify the defendant against loss in this matter as the claim arose from his carrying out of duties as a member of the Commission. Concerning the claim for $80,800, the plaintiff has succeeded, however, the Commission has appealed the court's decision and no provision has been made in the Commission's accounts for this potential liability. With respect to the second claim the court has ruled in favour of the plaintiff, however, the Commission will be appealing this decision. The Commission recorded a provision of $3,500 in its accounts for future legal costs.

6. 1985 Comparative figures

Comparative figures have been restated where necessary to conform to the presentation in these statements for the year ended March 31, 1986.

Manitoba

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2 of The Manitoba Hospital Capital Financing Authority for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Hospital Capital Financing Authority as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, C.A.,
Assistant Provincal Auditor.

January 30, 1987,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Current assets		
Accrued interest	$ 194,938	$ 210,430
Investments, at cost, Schedule 1	4,645,500	5,041,500
	$ 4,840,438	$ 5,251,930
LIABILITIES		
Current liabilities		
Accrued debenture interest	$ 194,938	$ 210,430
Debentures payable, Schedule 2	4,645,500	5,041,500
	$ 4,840,438	$ 5,251,930

Exhibit B

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Statement of Income and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Income:		
Interest earned on investments	$ 571,471	$ 537,217
Expenditure:		
Debenture interest	571,471	537,217
Excess of income over expenditure	$ -	$ -

Schedule 1

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Investments
as at March 31, 1986
(with 1985 figures for comparison)

	Interest Rate (%)	1986	1985
Serial debentures issued by:			
Personal Care Homes	9.50	$ 67,500	$ 90,000
	9.75	121,500	162,000
	10.00	775,500	787,000
Selkirk Linen Services Inc.	11.125	1,025,000	1,127,500
	13.625	769,000	811,000
	15.75	492,000	554,000
West - Manitoba Regional Laboratory Services Inc.	9.75	255,000	340,000
	10.00	850,000	850,000
Parkland Regional Hospital Laundry Ltd.	15.75	290,000	320,000
Investments, Exhibit A		$ 4,645,500	$ 5,041,500

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Debentures Payable
as at March 31, 1986
(with 1985 figures for comparison)

Series Number	Interest Rate (%)	Year of Maturity	1986	1985
1A	11.125	1986-1995	$ 1,025,000	$ 1,127,500
2A	10.00	1986-1998	149,500	161,000
3A	9.50	1986-1988	67,500	90,000
3B	10.00	1989-1998	225,000	225,000
3D	9.75	1986-1988	376,500	502,000
3E	10.00	1989-1998	1,251,000	1,251,000
4A	15.75	1986-1993	492,000	554,000
4B	15.75	1986-1995	290,000	320,000
5A	13.625	1986-2004	769,000	811,000
Debentures payable, Exhibit A			$ 4,645,500	$ 5,041,500

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Notes to Financial Statements
March 31, 1986

1. Nature of the Authority

The Manitoba Hospital Capital Financing Authority was established by The Hospital Capital Financing Authority Act in June 1972. The objectives of the Authority are:

i) to approve the issuance of securities for capital expenditure by operators of health care facilities,

ii) to assist such operators by ensuring an orderly market for the sale of securities issued by health care facilities,

iii) to purchase securities issued by health care facilities with money borrowed by the Authority.

Health care facilities include hospitals, non-profit personal care homes and other designated related service institutions.

2. Accounting Policy

The Authority uses the accrual basis of accounting.

3. Investment and Debentures Payable

The Authority's investments in various health facility debentures are entirely offset by debentures issued by the Authority to Government Agencies who do not qualify to purchase the health facility debentures directly.

4. Financing Approvals

During the year ended March 31, 1986 the Authority did not approve the issue of any securities. For the year ended March 31, 1985 the Authority approved the issue of securities totalling $14,069,000.

5. Services Provided by the Province

The Government of the Province of Manitoba provides administrative services at no charge to the Authority.

Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 1986, and the statements of operations, The Manitoba Housing and Renewal Fund and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986, and the results of its operations and the changes in its financial position for the year then ended, in accordance with the accounting principles described in note 2 to the financial statements applied, after giving retroactive effect to the change in accounting policy for housing programs subsidies and for the net proceeds from propane sales as explained in note 3, on a basis consistent with that of the preceding year.

J. W. Singleton, C.A.,
Assistant Provincial Auditor.

January 30, 1987,
Winnipeg, Manitoba.

THE MANITOBA HOUSING AND RENEWAL CORPORATION
BALANCE SHEET
MARCH 31, 1986
(with comparative figures for 1985)

ASSETS

	1986	1985
Current assets:		
Cash on deposit with the Minister of Finance and in bank	$ 8,440,030	$ 4,135,874
Accounts receivable and accruals (note 4)	11,430,250	13,264,432
	19,870,280	17,400,306
Loans and mortgages receivable (note 5)	91,928,999	78,402,473
Housing projects (note 6)	307,233,926	280,485,934
Housing investment (note 7)	11,283,342	10,530,140
Land inventory (note 8)	53,087,003	47,406,790
Renewal schemes (note 9)	224,370	311,842
Corporate fixed assets (note 10)	482,403	688,583
Deferred financing costs		83,602
	$484,110,323	$435,309,670

LIABILITIES AND FUND BALANCE

	1986	1985
Current liabilities:		
Accounts payable, holdbacks and accruals (note 3)	$20,217,326	$21,562,742
Long-term land lease and rental subsidies received in advance (note 11)	221,026	224,673
Long-term debt (note 12)	453,719,016	405,047,545
	474,157,368	426,834,960
Fund balance:		
The Manitoba Housing and Renewal Fund	9,952,955	8,474,710
	$484,110,323	$435,309,670

Approved on behalf of the Board:

Director Maureen Hemphill Director

(see accompanying notes)

MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1986
(With comparative figures for 1985)

	1986	1985
Revenue:		
Grants from the Government of the Province of Manitoba (note 14)	$23,964,072	$22,014,223
Interest from sinking fund and funds held by the Minister of Finance (note 13)	1,295,377	1,168,799
Churchill Propane Distribution System, net proceeds (note 3)	252,466	317,829
Other	27,466	15,328
	25,539,381	23,516,179
Expenditure: (note 1)		
Interest on demand notes	15,722,488	10,755,317
Less - Interest applied to construction of housing projects, land inventory and housing program subsidies	(5,978,430)	(4,234,585)
- Interest earned on mortgages under the Homes in Manitoba Program	(9,126,483)	(6,120,855)
Interest on demand notes not applied or recovered	617,575	399,877
Urban and rural housing programs, per schedule (note 3)	15,589,147	16,105,739
Rural and Northern Housing Program, per schedule (note 3)	2,628,450	2,249,329
Rent Supplement Program:		
Rent supplement and administration expenditures	3,174,763	2,960,048
Less - recovery from Canada Mortgage and Housing Corporation	1,488,966	1,385,849
Net program subsidies	1,685,797	1,574,199
Critical Home Repair Program (note 15)	831,539	711,178
Homes in Manitoba Program subsidies	148,463	187,218
Non-profit Housing Corporations:		
Interest	199,260	82,882
Loan forgiveness (note 2c)	48,120	
Depreciation of corporate fixed assets (note 10)	93,200	184,448
Provision for loss on land (note 8)	1,139,823	703,200
Net loss on housing projects and land sales	991,547	288,397
Amortization of renewal schemes	88,215	95,351
	24,061,136	22,581,818
Excess of revenue over expenditure, transferred to The Manitoba Housing and Renewal Fund	$ 1,478,245	$ 934,361

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF THE MANITOBA HOUSING AND RENEWAL FUND
YEAR ENDED MARCH 31, 1986
(With comparative figures for 1985)

	1986	1985
Sinking Fund Account:		
Balance at beginning of year	$ 9,664,899	$8,185,248
Add - transfer from General Fund Account	1,862,134	1,479,651
Balance at end of year	11,527,033	9,664,899
General Fund Account:		
Balance at beginning of year	2,141,851	38,830
Less - adjustment to reflect change in accounting policies (note 3)	3,332,040	2,927,962
Balance as restated	(1,190,189)	(2,889,132)
Add - excess of revenue over expenditure	1,478,245	934,361
- balance of Renewal Scheme Development Fund Account		2,244,233
	288,056	289,462
Less - net transfer to Sinking Fund Account	1,862,134	1,479,651
Balance at end of year	(1,574,078)	(1,190,189)
The Manitoba Housing and Renewal Fund	$ 9,952,955	$8,474,710

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1986
(With comparative figures for 1985)

	1986	1985
Sources of working capital:		
Excess of revenue over expenditure	$ 1,478,245	$ 934,361
Add (deduct) items not affecting working capital:		
Provision for loss on land	1,139,823	703,200
Loan forgiveness - Critical Home Repair Program	600,551	484,949
Depreciation of housing projects	1,119,877	1,092,038
Depreciation of housing investments	151,476	339,893
Depreciation of corporate fixed assets	206,180	286,794
Amortization of renewal schemes	88,215	95,351
Amortization of Rural and Northern Housing Program mortgages	285,839	267,204
Amortization of deferred financing costs	83,602	31,990
Amortization of long-term land lease and rental subsidies received in advance	(3,647)	(3,490)
Funds provided from operations	5,150,161	4,232,290
Advances from the Government of the Province of Manitoba	63,690,632	48,183,478
Advances from Canada Mortgage and Housing Corporation	5,756,582	2,726,185
Proceeds from land sales	3,445,723	1,672,737
Principal recoveries from loans and mortgages	9,675,282	4,223,882
Renewal scheme recoveries, net	(743)	1,413
	87,717,637	61,039,985
Applications of working capital:		
Expenditures on housing projects	33,624,451	11,360,868
Expenditures on land inventory	10,265,759	6,221,450
Additional housing investment	904,678	1,674,017
New loans and mortgages	24,088,198	33,987,016
Long-term debt principal repayments:		
Government of the Province of Manitoba	10,834,741	4,855,225
Canada Mortgage and Housing Corporation	2,289,650	2,740,496
Mortgages	32,636	30,169
Acquisition of corporate fixed assets		7,437
Contribution to sinking fund	1,862,134	1,479,651
	83,902,247	62,356,329
Increase (decrease) in working capital	3,815,390	(1,316,344)
Working capital (deficiency), beginning of year	(4,162,436)	(2,846,092)
Working capital (deficiency), end of year	$ (347,046)	$(4,162,436)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF HOUSING PROGRAM SUBSIDIES (note 3)
YEAR ENDED MARCH 31, 1986
(with comparative figures for 1985)

	1986	1985
Urban and rural housing programs:		
Rental revenue	$35,869,456	$32,198,658
Expenditure:		
Property operating expenses	23,358,976	23,273,479
Grants in lieu of Municipal taxes	11,040,458	10,726,769
Administration	3,727,196	4,251,253
Depreciation and interest	26,265,905	24,036,784
	64,392,535	62,288,285
Operating Loss	28,523,079	30,089,627
Less - Canada Mortgage and Housing Corporation share of operating loss	12,933,932	13,983,888
Net program subsidies	$15,589,147	$16,105,739
Rural and Northern Housing Program:		
MHRC administered units:		
Rental revenue	$ 1,843,592	$ 1,644,095
Expenditure:		
Property operating expenses	1,123,764	929,188
Grants in lieu of Municipal taxes	357,472	309,543
Administration	463,983	202,262
Depreciation and interest	4,628,050	4,262,919
	6,573,269	5,703,912
Operating Loss	4,729,677	4,059,817
Less - Canada Mortgage and Housing Corporation share of operating loss	3,547,259	3,044,861
	1,182,418	1,014,956
CMHC administered units:		
MHRC share of operating loss	1,446,032	1,234,373
Net program subsidies	$ 2,628,450	$ 2,249,329

THE MANITOBA HOUSING AND RENEWAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1986

1. Nature of the Corporation

The Manitoba Housing and Renewal Corporation (MHRC) was established as a Crown corporation by The Housing and Renewal Corporation Act on June 21, 1967. The objective of the Corporation is to improve standards of living accommodation in the Province of Manitoba and to assist residents to obtain living accommodation of reasonable standards.

Administrative services are provided by the Department of Housing, Province of Manitoba. Costs of this administrative service are not reflected in these financial statements except for administrative charges which are cost shared with CMHC and which are allowed by the Rural and Northern Housing Program, Urban and Rural Housing Program and Rent Supplement Program.

The Corporation is economically dependent on the Government of the Province of Manitoba.

2. Significant accounting policies

a) The Corporation's financial statements are prepared using the accrual basis of accounting except for the discounts on sinking fund investments. Discounts obtained at the time of acquisition are taken into income on maturity of the related investments which are recorded at cost.

b) Loan forgiveness under the Critical Home Repair Program is approved in accordance with the terms of the loan agreement and charged to operations in the year that the forgiveness is allowed.

c) The Corporation participates in a CMHC administered program for non-profit housing corporations. Payments are issued as forgiveable loans which are reflected as loans and mortgages receivable. During the year forgiveable loans in the amount of $562,413 (1985 - $1,684,136) were issued. The forgiveness conditions require that the project operate under CMHC guidelines throughout the term of the related operating agreement. Loan forgiveness is earned by the non-profit corporations in equal annual amounts over the period of the related operating agreements and is recognized as an operating expenditure on the annual anniversary date of each operating agreement. During the year forgiveness in the amount of $48,120 was earned by the recipient corporations.

d) Depreciation and amortization are described in subsequent notes as follows:

Housing projects	- note 6
Housing investments	- note 7
Renewal schemes	- note 9
Corporate fixed assets	- note 10

3. Changes in accounting policies

Effective April 1, 1985, the Corporation initiated changes in accounting policies for housing program subsidies and for propane fuel sales.

Previously, housing program subsidies were charged to operations on a calendar year basis with cash transactions between January 1 and March 31 each fiscal year being deferred to subsequent periods. These transactions as well as accruals for the January to March period are now included in housing program subsidies on a fiscal year basis.

Also, in prior years propane fuel sales and the related cost of propane fuel sales transacted by the Churchill Housing Authority on behalf of MHRC were excluded from these financial statements. These transactions are now included in these financial statements on the basis of net proceeds realized.

The effect of the above changes in accounting policies, which have been retroactively applied, is to increase accounts receivable and accruals by $4,152,459 (1985 - $4,320,651), to increase accounts payable, holdbacks and accruals by $7,725,472 (1985 - $7,652,692), to decrease the excess of revenue over expenditure transferred to The Manitoba Housing and Renewal Fund by $240,972 (1985 - $404,080) and to decrease the opening balance in The Manitoba Housing and Renewal Fund - General Fund Account by $3,332,041 (1985 - $2,927,961).

4. Accounts receivable and accruals

	1986	1985
Canada Mortgage & Housing Corporation	$ 7,736,520	$ 6,671,590
Government of the Province of Manitoba and its agencies	626,624	4,679,950
Other - net of allowance (1986 - $202,603, 1985 - $154,408)	3,067,106	1,912,892
Accounts receivable and accruals	$11,430,250	$13,264,432

5. Loans and mortgages receivable

	1986	1985
Rural and Northern Housing Program	$ 7,216,889	$ 7,788,799
Less - financing provided by CMHC	5,384,127	5,803,951
	1,832,762	1,984,848
Critical Home Repair Program: - recoverable loans	1,214,609	1,229,818
- forgiveable loans (note 2b)	1,364,261	1,360,898
The Pas Mobile Home Subdivision	214,276	289,360
Homes in Manitoba Program	69,799,964	69,038,931
Lease/purchase land agreements	2,411,902	2,730,118
Non-profit housing corporations forgiveable loans (note 2c)	2,198,429	1,684,136
Manitoba RentalStart Program	12,106,663	66,217
Cooperative HomeStart Program	352,466	
Community Residences Program	420,263	
Other	13,404	18,147
Loans and mortgages receivable	$91,928,999	$78,402,473

5. Loans and mortgages receivable (cont'd)

Mortgages under the Homes in Manitoba Program are administered by both outside lending institutions and by MHRC. Those administered by outside lending institutions, amounting to $61,109,786, are insured by CMHC or the Mortgage Insurance Company of Canada. Those administered by MHRC, amounting to $8,690,178, are assessed a fee which is set aside in a fund to provide for any related expenses in the event of default by a mortgagor. This fund is included with accounts payable and is summarized as follows:

	1986	1985
Balance at beginning of year	$ 92,887	$ 68,423
Add - insurance fees assessed	51,427	24,464
Balance at end of year	$144,314	$ 92,887

6. Housing projects

	1986	1985
Rural and Northern Housing Program:		
Completed - for rent	$ 22,098,431	$ 14,759,792
- for sale	6,361,562	5,998,545
Under construction	1,245,999	3,106,467
Upgrading program - deferred capital costs	470,130	702,579
	30,176,122	24,567,383
Less - financing provided by CMHC	22,573,544	17,676,064
	7,602,578	6,891,319
Other urban and rural housing programs:		
Completed	284,053,972	267,242,138
Under construction	15,577,376	6,352,477
	299,631,348	273,594,615
Housing projects	$307,233,926	$280,485,934

Completed housing projects are valued at capitalized cost less depreciation, except for the North Logan project which is valued at the appraised market value of $162,000 as determined between April, 1984 and August, 1984 by the Land Acquisition Branch of the Department of Government Services, Province of Manitoba. This valuation represents the lower of cost or appraised market value.

6. Housing projects (cont'd)

Projects under construction are valued at capitalized cost which includes direct construction costs, land acquisition, interest, grants in lieu of taxes and an administrative fee charged by the Department of Housing, Province of Manitoba.

The upgrading program relates to rehabilitation costs incurred on rental units and these costs are being depreciated on a straight-line basis over the remaining term of the original mortgage.

Under the Rural and Northern Housing Program depreciation is based on the imputed principal repayment equivalent to that of 100% debt financing with CMHC rates. Depreciation under other urban and rural housing programs is based on the actual principal repayment of the related debt.

Depreciation on housing projects is included as an expenditure in housing program subsidies.

7. Housing investment

Housing investment represents joint venture projects under the Rural and Northern Housing Program which are being administered by CMHC. The investment balance represents MHRC's share and is valued at cost less depreciation which is equal to the annual principal repayment of the related debt as determined by CMHC. Depreciation is included as an expenditure in the Rural and Northern Housing Program.

8. Land inventory

	1986		1985	
	COST	ACCUMULATED LOSS PROV.	COST	ACCUMULATED LOSS PROV.
Under development	$14,464,479	$8,068,679	$ 9,111,219	$6,964,856
Future development	45,474,355	633,700	44,958,958	1,574,100
Leased land	1,850,548		1,875,569	
	61,789,382	$8,702,379	55,945,746	$8,538,956
Accumulated loss provision	8,702,379		8,538,956	
Land inventory, net	$53,087,003		$47,406,790	

The current year's provision for loss on land is as follows:

	1986	1985
Under development	$1,103,823	$508,000
Future development	36,000	195,200
Provision for loss on land	1,139,823	703,200
Less - losses realized	976,400	
Net change to accumulated loss provision	$ 163,423	$703,200

8. Land inventory (cont'd)

Land inventory is valued at capitalized cost less provision for losses on land under development and on expropriated property which is included with land held for future development. Capitalized cost includes aquisition costs, interest, planning and development costs, grants in lieu of taxes where applicable, less revenue derived from use of undeveloped land.

9. Renewal schemes

Renewal schemes are valued at cost less amortization. Amortization is based on the actual principal repayment of the related debt.

10. Corporate fixed assets

	1986			1985
	COST	ACCUMULATED DEPRECIATION	NET	NET
Land	$ 71,900	$	$ 71,900	$ 71,900
Buildings	352,905	76,760	276,145	283,496
Leasehold improvements	375,621	375,621		54,149
Office furnishings	500,251	367,387	132,864	166,081
Construction equipment	20,607	19,113	1,494	1,867
Propane distribution system	738,026	738,026		111,090
Corporate fixed assets	$2,059,310	$1,576,907	$482,403	$688,583

Corporate fixed assets are valued at cost less depreciation provided on the following bases:

Buildings - straight-line based on a 50 year useful life or if funded by specific long-term debt based on the annual principal repayment of the related debt, amortized over 50 years.

10. Corporate fixed assets (cont'd)

Leasehold improvements - straight-line based on the remaining term of the lease.

Office furnishings and construction equipment - 20% of the undepreciated balance.

Propane distribution system - based on the annual principal repayment of debt financing, amortized over 10 years. This asset has now been fully depreciated as at March 31, 1986.

Depreciation in the amount of $93,200 is reflected as a seperate corporate expenditure and depreciation in the amount of $112,980 is included as an expenditure in the urban and rural housing programs.

11. Long-term land lease and rental subsidies received in advance

	1986	1985
Long-term land lease prepaid, expiring in 2039	$ 82,436	$ 83,974
Long-term rental subsidies received in advance from sponsors	138,590	140,699
Long-term land lease and rental subsidies	$221,026	$224,673

12. Long-term debt

	1986	1985
Government of the Province of Manitoba:		
Demand notes payable (convertible to long-term advances), at prime interest rates or fixed rates from 10% to 14.75%	$147,598,188	$111,644,678
Long-term advances, at rates from 8.28% to 14.50% maturing at various dates to 2029 and requiring annual payments of $8,928,527 towards principal and interest	80,910,587	64,008,204
Canada Mortgage and Housing Corporation:		
Long-term advances - housing and land, at rates from 7% to 11% maturing at various dates to 2030 and requiring annual payments of $21,258,457 towards principal and interest	231,486,959	233,688,395
- renewal schemes, at rates from 6 3/8% to 8 1/4% maturing at various dates to 1989 and requiring annual payments of $113,541 towards principal and interest	223,627	311,843
	460,219,361	409,653,120
Less: Sinking fund on deposit with the Government of the Province of Manitoba (note 13)	11,527,033	9,664,899
	448,692,328	399,988,221
Mortgages payable (assumed on property acquisitions), at rates from 5 1/8% to 14 1/4% maturing at various dates to 2028 and requiring annual payments of $484,574 towards principal and interest	5,026,688	5,059,324
Long-term debt	$453,719,016	$405,047,545

13. Sinking fund

	1986		1985	
	PAR VALUE	COST	PAR VALUE	COST
Bonds: (note 2a)				
Manitoba Hydro - Electric Board	$ 5,972,000	$ 4,460,645	$5,607,000	$4,133,638
Manitoba Telephone System	1,605,000	1,140,547	1,583,000	1,121,978
Government of the Province of Manitoba	2,496,000	2,455,569	2,486,000	2,445,820
	$10,073,000	8,056,761	$9,676,000	7,701,436
Cash, interest bearing		3,470,272		1,963,463
Sinking fund		$11,527,033		$9,664,899

MHRC is required to maintain a sinking fund on deposit with the Minister of Finance for the purpose of retiring at maturity, long-term debt which does not require annual principal repayments. The required minimum annual payment to the sinking fund must equal 4% of the sinking fund balance as at the end of the preceding fiscal year plus 1% of the advances and borrowings of MHRC other than those secured by a first mortgage on land or by an agreement or debenture that provides for the retirement of the debt by annual repayments of principal and interest. Income earned on sinking fund investments (1986 - $996,349, 1985 - $876,451,) is paid to MHRC and a portion of the income earned (1986 - $777,491, 1985 - $623,800) is set aside in the sinking fund in addition to the minimum statutory requirement.

14. Grants from the Government of the Province of Manitoba

	1986	1985
Department of Housing:		
- MHRC operating programs	$23,010,072	$21,314,223
- Sinking fund, portion of statutory requirement	954,000	700,000
Grant Revenue	$23,964,072	$22,014,223

15. Critical Home Repair Program

	1986	1985
Loan forgiveness (note 2b)	$ 600,551	$ 484,949
Interest allocated	315,201	297,692
Interest earned	(103,037)	(89,741)
Other	18,824	18,278
	$ 831,539	$ 711,178

16. Commitments

a) The Corporation is committed to expend $99,244,796 for completion of housing under construction and for approved mortgage applications.

b) The Corporation is committed under the Critical Home Repair Program for undisbursed balances on approved loans for $90,000.

17. Guarantees

The Corporation has guaranteed the repayment of mortgages and has issued Letters of Credit guaranteeing the terms and conditions of land development agreements and construction contracts. The outstanding guarantees are as follows:

Mobile Home Loan Guarantee Program	$5,888,803
Rural Mortgage Lending Program	224,231
Other mortgage guarantees	132,500
Letters Of Credit	489,853
Total Guarantees	$6,735,387

A guarantee fee of 2% charged for each mortgage is paid into the Mortgage Insurance Fund. This fund is included with accounts payable and is summarized as follows:

	1986	1985
Balance at beginning of year	$112,572	$ 81,135
Add - net proceeds from claim settlements	50,439	
- insurance fees assessed		49,320
- profit from property sales		4,670
- interest on cash	5,473	4,101
- investment earnings		3,587
	168,484	142,813
Less - mortgage settlements paid	85,966	30,241
Balance at end of year	$ 82,518	$112,572

18. Comparative figures

Certain comparative figures on the financial statements have been restated to conform with the presentation of the current year.

The Manitoba Hydro-Electric Board

AUDITORS' REPORT

We have examined the balance sheet of The Manitoba Hydro-Electric Board as at March 31, 1986 and the statements of operations, reserves and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986, and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting principles set out in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

CHARTERED ACCOUNTANTS

Winnipeg, Canada
June 4, 1986

The Manitoba Hydro-Electric Board

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 1986 (with 1985 figures for comparison)

	1986	1985
	(thousands of dollars)	
REVENUES		
Sale of power		
Manitoba	$432 937	$397 495
Extraprovincial	112 846	103 151
Other revenue	6 820	5 768
	552 603	506 414
EXPENSES		
Operating and administrative	191 716	169 040
Depreciation—plant	74 470	69 339
Fuel and power purchased	9 399	14 392
	275 585	252 771
Net revenue before finance expense	277 018	253 643
FINANCE EXPENSE		
Interest on debt	321 486	315 707
Amortization of debt discount and expense	3 688	3 209
Finance expense allocated to construction	(33 452)	(39 324)
Investment income	(44 969)	(37 083)
	246 753	242 509
NET REVENUE TRANSFERRED TO RESERVES	$ 30 265	$ 11 134

The accompanying notes are an integral part of the financial statements.

The Manitoba Hydro-Electric Board

Statement of Reserves

FOR THE YEAR ENDED MARCH 31, 1986 (with 1985 figures for comparison)

			1986	1985
			(thousands of dollars)	
	Contingency and General	Rate Stabilization	Total	Total
BALANCE—BEGINNING OF YEAR	$123 829	$(30 235)	$ 93 594	$78 353
Net retroactive application of changes in accounting policy implemented in 1984-85	–	–	–	4 107
As restated	123 829	(30 235)	93 594	82 460
Net revenue transferred from operations	–	30 265	30 265	11 134
BALANCE—END OF YEAR	$123 829	$ 30	$123 859	$93 594

The accompanying notes are an integral part of the financial statements.

The Manitoba Hydro-Electric Board

Statement of Changes in Cash Resources

FOR THE YEAR ENDED MARCH 31, 1986 (with 1985 figures for comparison)

	1986	1985
	(thousands of dollars)	
OPERATING ACTIVITIES		
Cash from operations		
Net revenue	$ 30 265	$ 11 134
Depreciation—plant	74 470	69 339
Amortization of debt discount and expense	3 688	3 209
Other	(585)	157
Non-cash working capital change (see below)	(5 099)	(15 013)
Cash and cash equivalents provided by operating activities	102 739	68 826
FINANCING ACTIVITIES		
Retirement of long-term debt	(170 671)	(84 091)
Proceeds from long-term debt	380 014	61 002
Contributions and advances in aid of construction, less refunds	12 642	4 189
(Decrease) increase in notes payable	(26 581)	45 085
Sinking fund payment	(39 698)	(38 755)
Deferred cost of matured forward exchange contracts	(3 161)	(15 111)
Other	(2 439)	(4 295)
Cash and cash equivalents provided by (used in) financing activities	150 106	(31 976)
INVESTING ACTIVITIES		
Additions to electric utility plant	(202 039)	(122 640)
Other	12	14
Cash and cash equivalents used in investing activities	(202 027)	(122 626)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50 818	(85 776)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(14 407)	71 369
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 36 411	$(14 407)
Non-cash working capital change		
Accounts receivable	$(18 722)	$ (6 863)
Accounts payable and accrued liabilities	16 898	(2 800)
Accrued revenue	(1 305)	(2 534)
Materials and supplies	(2 515)	(2 492)
Other	545	(324)
	$ (5 099)	$(15 013)

The components of cash and cash equivalents are bank balances and temporary investments.

The accompanying notes are an integral part of the financial statements.

The Manitoba Hydro-Electric Board

Balance Sheet

AS AT MARCH 31, 1986 (with 1985 figures for comparison)

ASSETS	1986	1985
	(thousands of dollars)	
ELECTRIC UTILITY PLANT (Note 2)		
In service	$3 314 378	$3 173 197
Less: Accumulated depreciation	783 776	713 619
	2 530 602	2 459 578
Construction in progress	326 005	270 947
	2 856 607	2 730 525
INVESTMENTS (at cost)	1 988	1 999
CURRENT ASSETS		
Temporary investments	48 649	1 655
Accounts receivable	75 024	56 302
Accrued revenue	19 077	17 772
Interest receivable and accrued	11 762	10 674
Materials and supplies (at average cost)	30 228	27 712
Prepaid expenses	1 413	1 084
	186 153	115 199
DEFERRED ASSETS (Note 3)	84 507	75 860
	$3 129 255	$2 923 583

Approved on behalf of the Board:

M. Eliesen

Chairperson

Vice-Chairperson

LIABILITIES AND RESERVES

	1986	1985
	(thousands of dollars)	
LONG-TERM DEBT (Note 4)	$2 523 786	$2 213 115
CURRENT LIABILITIES		
Bank balances	12 238	16 062
Accounts payable and accrued liabilities	53 334	36 436
Notes payable (due within one year)	152 278	178 859
Contract holdbacks	3 663	2 896
Accrued interest	89 268	88 072
Current portion of long-term debt (Note 4)	78 574	210 469
	389 355	532 794
DEFERRED LIABILITIES	16 750	12 169
DEFERRED CREDITS (Note 5)	75 505	71 911
RESERVES (Note 6)	123 859	93 594
	$3 129 255	$2 923 583

The accompanying notes are an integral part of the financial statements.

The Manitoba Hydro-Electric Board

Notes to the Financial Statements
FOR THE YEAR ENDED MARCH 31, 1986

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles except for the accounting for pension costs as noted in d) below.

a) Electric Utility Plant

The electric utility plant is stated at cost which consists of contracted services, direct labour, material and expense, a proportionate share of overhead costs and interest applied at the effective rates incurred in financing construction. Finance expense is allocated to construction until a facility becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. The cost of plant removed plus removal costs less salvage value is charged to accumulated depreciation.

Main facilities of major projects under construction become operational on a progressive basis. As such facilities become operational, related construction costs and a pro rata share of related common properties are transferred to plant in service. Once the transfer to plant in service is made, finance expense allocated to construction ceases and depreciation commences.

Depreciation is provided on a straight line basis using the following service lives for major assets:

Hydro-electric generation	67 years
Thermal-electric generation	33 years
Transmission lines and stations	35-50 years
Distribution lines	30-35 years

Depreciation of the transportation fleet amounting to $2 949 000 (1985-$2 657 000) is included in the overall fleet cost which is allocated on a usage basis to capital and operating accounts and is therefore not included as part of the plant depreciation provision.

b) Foreign Exchange:

Long-Term Debt

Long-term debt payable in foreign currencies is recorded at Canadian dollar equivalents using the exchange rates prevailing at the time the debt was incurred.

The Energy Rate Stabilization Act which came into force April 1, 1979 provides for the Province of Manitoba to relieve the Corporation of the costs associated with the foreign debt of Manitoba Hydro by replacing them with Canadian equivalent costs based on Canadian rates for similar terms as at the date the debt was incurred. The Province of Manitoba has confirmed to the Corporation that had the Province of Manitoba not assumed the cost of foreign debt at April 1, 1979 the valuation of the long-term debt of the Corporation as at March 31, 1986 would have been increased by approximately $590 million (1985-$428 million) when translated at the year end rates of exchange. The Province of Manitoba also confirmed that the net cash outlay relating to the debt sustained by the Province in the current year amounted to $80.7 million (1985-$17.5 million).

Current Assets and Current Liabilities

Current monetary assets and liabilities denominated in foreign currencies, excluding long-term debt payable within one year are translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet. The unrealized exchange gains or losses together with realized exchange gains or losses are credited or charged to operations.

Sinking Fund Investments

Sinking fund investments denominated in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the balance sheet, except where the investments have been hedged by the Minister of Finance of the Province of Manitoba, in which case the rate confirmed by the Province is used in the translation. The unrealized exchange gains or losses are amortized over the remaining life of the investment and together with realized exchange gains or losses are credited or charged to operations.

c) Hedging Program

To eliminate foreign exchange risk on United States revenues, the Corporation has fixed the foreign exchange rate for the conversion of future United States extraprovincial revenues to Canadian dollars until 1987-88, by the acquisition of forward exchange contracts. The appropriate portion of the deferred cost of matured foreign exchange contracts will be recognized with the related revenue in those years.

d) Pensions:

Manitoba Civil Service Superannuation Fund

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to income as incurred and a provision is not made in the accounts to fund current or past service obligations of the Corporation to the Civil Service Superannuation Fund.

According to the formula contained in the actuarial report for the year ended December 31, 1983, Manitoba Hydro's unrecorded liability at December 31, 1985 as a result of the participation of employees under the Civil Service Superannuation Act was:

a) if no allowance is made for future increases in pension due to increase in the cost of living, $108 520 000 (1984-$96 360 000).
b) if allowance is made for future increases in pension due to increases in the cost of living, $159 920 000 (1984-$140 843 000).

Manitoba Hydro Retirement Plan

The Manitoba Hydro Retirement Plan is a defined benefit plan which continues to provide benefits to employees and pensioners in respect of service prior to the date each employee entered the Manitoba Civil Service Superannuation Fund. The actuarial report dated October, 1985 indicates an unfunded liability as at July 1, 1985 of $4.7 million (1984-$5.3 million) which is being funded and charged to operations over the next 15 years.

e) Unamortized Debt Discount and Expense

These costs are charged to income over the life of the respective issue.

f) Discount on Sinking Fund Investments

The Corporation records sinking fund investments at par value. The difference between the cost and the par value of the investments is recorded as a premium or discount and the resulting gain or loss is amortized over the remaining life of the investment or charged upon disposal to investment income.

g) Unamortized Planning Studies

These costs are charged to income over a 15 year period.

h) Unbilled Revenue

Revenues include an estimate of energy delivered but not billed.

NOTE 2—ELECTRIC UTILITY PLANT (at cost)

	Fixed Assets in Service			Construction In Progress	1986 Total	1985 Total
	Original Cost	Accumulated Depreciation	Book Value			
	(thousands of dollars)					
Generation	$1 852 483	$372 544	$1 479 939	$291 393	$1 771 332	$1 684 693
Transmission	206 066	59 267	146 799	4 158	150 957	151 133
Substations	678 937	146 226	532 711	10 361	543 072	538 361
Distribution	460 948	154 501	306 447	8 051	314 498	285 120
Other	115 944	51 238	64 706	12 042	76 748	71 218
	$3 314 378	$783 776	$2 530 602	$326 005	$2 856 607	$2 730 525

NOTE 3—DEFERRED ASSETS

	1986	1985
	(thousands of dollars)	
Unamortized bond discount and expense	$28 216	$22 397
Unamortized planning study costs	32 026	34 626
Deferred cost of matured forward exchange contracts	18 273	15 111
Other	5 992	3 726
	$84 507	$75 860

NOTE 4—LONG-TERM DEBT

The Corporation pays an annual sinking fund installment to the Minister of Finance of the Province of Manitoba as provided by The Manitoba Hydro Act of not less than 1% of the principal amount of the outstanding long-term debt on the preceding March 31, and 4% of the balance in the sinking fund at such date. Such installments would provide for the full retirement of a debt obligation only if the obligation was outstanding for 41 years.

Income earned on sinking fund investments is remitted to the Corporation and is included with investment income for the year.

Manitoba Hydro's debt is guaranteed by the Province of Manitoba.

The weighted average coupon rate on the long-term debt outstanding at March 31, 1986 is 10.32% (1985-10.20%).

For the purpose of financing capital construction expenditures and refunding debt during the year, the Corporation received advances totalling $389.6 million from the Province of Manitoba as follows:

- $108.4 million due April 19, 1995 with interest at 11.79%
- $106.2 million due June 26, 1997 with interest at 10.96%
- $170.1 million due February 11, 1991 with interest at 9.56%
- $4.9 million repayable in equal annual installments to March 31, 2016 with interest at 10.125% made under a Government of Canada loan agreement.

The Manitoba Hydro-Electric Board

Long-Term Debt:	**1986**	**1985**
	(thousands of dollars)	
Total long-term debt outstanding—		
The Manitoba Hydro-Electric Board Bonds	$1 247 475	$1 408 990
Advances from the Province of Manitoba represented by debenture debt of the Province	1 557 097	1 209 522
Advances from the Province of Manitoba under a loan agreement between the Province and the Government of Canada	148 992	145 679
	2 953 564	2 764 191
Less: Sinking fund on deposit with the Minister of Finance	351 204	340 607
	2 602 360	2 423 584
Less: Long-term debt maturing within one year— Maturities net of sinking fund plus annual sinking fund installment	78 574	210 469
	$2 523 786	$2 213 115

Debt Maturities:

		Cash Requirements		
Year Ending March 31	**Principal Amount of Maturities**	**Maturities Net of Sinking Fund**	**Annual Sinking Fund Installments**	**Total**
			(thousands of dollars)	
1987	$ 46 001	$ 36 519	$ 42 055	$ 78 574
1988	143 810	106 246	42 898	149 144
1989	201 881	179 466	41 442	220 908
1990	180 671	155 742	40 184	195 926
1991	331 591	295 908	39 007	334 915
	903 954	773 881	205 586	979 467
1992-1996	1 059 691	812 367	145 101	957 468
1997-2001	267 707	186 601	99 023	285 624
2002-2006	546 379	259 581	77 089	336 670
2007-2011	163 574	73 499	7 793	81 292
2012-2016	12 259	5 150	1 155	6 305
	$2 953 564	$2 111 079	$535 747	$2 646 826

NOTE 5—DEFERRED CREDITS

	1986	**1985**
	(thousands of dollars)	
Non-refundable capital contributions	$47 387	$39 176
Unamortized sinking fund investment discount	18 633	21 548
Unamortized foreign exchange on sinking fund investments	8 719	8 650
Other	766	2 537
	$75 505	$71 911

NOTE 6—RESERVES

The Corporation maintains the following reserves:

Contingency and General Reserve

An amount calculated as a percentage of net interest expense at a rate as stipulated by The Manitoba Hydro-Electric Board, may be transferred annually to this reserve. A transfer was not made for the years ended March 31, 1986 and 1985.

Rate Stabilization Reserve

The net revenue or expense after provision for the contingency and general reserve is transferred annually to this reserve.

NOTE 7—COMMITMENTS

a) Lease Commitments

In accordance with a lease agreement entered into during 1966 between the Governments of Canada and Manitoba, direct current transmission facilities were constructed between the Kettle Generating Station and Winnipeg. The agreement provides for repayment by the Corporation of the capital cost with accrued interest at 5.625% over a term of forty-five years in accordance with a repayment schedule requiring substantially smaller payments during the earlier years. The schedule provides for payment of $15 000 000 for the year ended March 31, 1986 (1985-$12 500 000) and for annual increases in payments of $2 500 000 for the years 1987 to 1989. The progressive increases result in a payment in 1989 of $22 500 000. Payments for the fiscal years 1990 to 2019 will be calculated as the equal annual payment required to amortize the outstanding balance over thirty years at 5.625%. The unpaid balance of principal plus accrued interest for transmission facilities amounted to approximately $366 304 000 as at March 31, 1986 (1985-$360 942 000).

The Corporation's policy is to charge the lease payments to operations in the period in which they become payable. This policy is consistent with the intent of the lease agreement of providing economic relief to ratepayers during the early years of the Nelson River development. This is evident when compared with a calculation of a charge in accordance with the C.I.C.A. recommendation on accounting for capital leases entered into subsequent to January 1, 1979, which indicates that an additional amount of approximately $10.2 million would have been charged to operations for the year and an additional net asset amount of approximately $183.0 million would have been recorded relating to the transmission facilities.

b) Mitigation—Northern Flood Agreement

Manitoba Hydro is party to an agreement with the Government of Canada, the Province of Manitoba and the Northern Flood Committee Inc., which includes compensation and mitigation for the impact of the Churchill River Diversion and Lake Winnipeg Regulation projects. The total spent on compensation and mitigation during the year was $2.4 million (1985-$4.1 million). The total amount paid to date under the Northern Flood Agreement is $25.2 million as at March 31, 1986. A total of 132 claims have been filed to date with the Arbitrator involving Manitoba Hydro with 68 claims having been settled. Of the 64 claims outstanding, Manitoba Hydro is not able to precisely determine the potential contingent liability but has estimated it to be in excess of $30.0 million.

c) Construction Commitments

Construction on Limestone Generating Station has been committed to provide for first power in 1990-91. The current forecasted cost of the new generating station is $1 940 million.

Other outstanding commitments, principally for construction, were approximately $60 586 000 (1985-$45 352 000).

NOTE 8—COMPARATIVE FIGURES

Where appropriate, comparative figures for 1985 were reclassified in order to conform to the presentation adopted in 1986.

Manitoba

THE MANITOBA INTERCULTURAL COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B and C and Schedules 1 and 2, of The Manitoba Intercultural Council for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Council as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for administration fees as explained in note 5 to the financial statements, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

September 23, 1986,
Winnipeg, Manitoba.

Statement A

THE MANITOBA INTERCULTURAL COUNCIL

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Cash	$ 59,349	$ 74,584
Miscellaneous receivable from the Government of the Province of Manitoba	-	1,368
Administration fee receivable from The Manitoba Lotteries Foundation (Note 5)	106,190	47,845
Ethnocultural Community Support Fund - Gaming revenues receivable from The Manitoba Lotteries Foundation (Note 4) Statement C	856,220	598,926
	$ 1,021,759	$ 722,723

LIABILITIES AND RETAINED FUNDS

	1986	1985
Accounts payable	$ 26,222	$ 23,710
Ethnocultural Community Support Fund (Note 4) Statement C	856,220	598,926
	882,442	622,636
The Manitoba Intercultural Fund - Funds retained for working capital and future operations:		
Balance, beginning of year	100,087	23,246
Excess of revenues over expenditures before retroactive adjustment	39,230	36,898
Retroactive adjustment re administration fee, (Note 5)	-	39,943
	39,230	76,841
Balance, end of year	139,317	100,087
	$ 1,021,759	$ 722,723

THE MANITOBA INTERCULTURAL COUNCIL

Statement of Revenues and Expenditures
for the year ended March 31, 1986
(with comparative figures for the year ended March 31, 1985)

	1986	1985
Revenues:		
Government of the Province of Manitoba		
- Operating grant	$ 195,300	$ 193,400
- Biennial assembly grant	40,000	-
- Manitoba Jobs and Training Program	2,627	1,531
- Health and Post Secondary Education Tax Levy Refund	-	602
	237,927	195,533
The Manitoba Lotteries Foundation (Note 5)	66,842	47,845
Other revenues	1,340	-
Total revenues	306,109	243,378
Expenditures:		
Administration	137,575	100,193
Biennial assembly	53,751	-
Council meetings	25,507	13,816
Committees:		
Executive	20,024	24,416
Community Resources Allocation	15,997	14,304
Cultural Affairs and Heritage Resources	2,923	1,787
Education and Youth	3,096	2,499
Human Rights	3,105	3,331
Immigrant Settlement	1,441	1,352
Media and Communications	3,460	4,839
Total expenditures, Schedule 1	266,879	166,537
Excess of revenues over expenditures for the year, Statement A	$ 39,230	$ 76,841

Statement C

THE MANITOBA INTERCULTURAL COUNCIL

Statement of Revenue and Expenditure for the Ethnocultural Community Support Fund for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Revenue:		
Manitoba Lotteries Foundation:		
Gaming Fund	$ 680,840	$ 584,195
Canteen	65,000	46,255
	745,840	630,450
Expenditures:		
Distributions to organizations	451,256	-
Administration fee (Note 5)	37,290	31,524
	488,546	31,524
Excess of revenue over expenditures	257,294	598,926
Balance beginning of year	598,926	-
Balance end of year, Statement A	$ 856,220	$ 598,926

Schedule 1

THE MANITOBA INTERCULTURAL COUNCIL

Schedule of Expenditures
for the year ended March 31, 1986
(with comparative figures for the year ended March 31, 1985)

				Committees			Total	
	Administration	Biennial Assembly	Council Meetings	Executive	Community Resources Allocation	Standing Committees, Schedule 2	1986	1985
Salaries	$ 79,522	$ 879	$ -	$ -	$ 3,919	$ -	$ 84,320	$ 55,854
Health and post secondary education tax levy	2,247	-	-	-	-	-	2,247	797
Per diem		6,746	10,484	12,416	3,452	1,428	34,526	26,879
Rent and meeting rooms	18,577	4,585	625	130	-	-	23,917	9,942
Telephone and postage	4,531	408	151	64	392	10	5,556	3,776
Furniture and equipment	4,952	301	63	-	2,740	-	8,056	10,631
Travel and accommodation	4,851	22,846	9,825	6,664	1,094	6,874	52,154	30,564
Printing and stationery	7,083	5,647	2,149	407	2,665	821	18,772	12,995
Publications and education	3,040	-	169	95	1,098	1,310	5,712	6,501
Professional fees	4,555	-	-	-	470	2,966	7,991	3,808
Advertising and exhibits	7,675	6,651	-	-	-	-	14,326	3,185
Miscellaneous	542	2,230	108	248	167	616	3,911	1,605
Translation services	-	3,458	1,933	-	-	-	5,391	-
Total expenditures, Statement B	$ 137,575	$ 53,751	$ 25,507	$ 20,024	$ 15,997	$ 14,025	$ 266,879	$ 166,537

Schedule 2

THE MANITOBA INTERCULTURAL COUNCIL

Schedule of Expenditures for Standing Committees
for the year ended March 31, 1986
(with comparative figures for the year ended March 31, 1985)

	Cultural Affairs & Heritage Resources	Education & Youth	Human Rights	Immigrant Settlement	Media & Communications	Total	
						1986	1985
Per diem	$ 294	$ 336	$ 546	$ 84	$ 168	$ 1,428	$ 2,310
Rent and meeting rooms	-	-	-	-	-	-	60
Telephone and postage	4	4	-	2	-	10	-
Travel and accommodation	1,392	2,428	1,498	1,025	531	6,874	6,596
Printing and stationery	103	163	191	191	173	821	1,879
Publications and education	1,000	45	250	15	-	1,310	595
Professional fees	-	-	500	-	2,466	2,966	1,663
Advertising and exhibits	-	-	-	-	-	-	692
Miscellaneous	130	120	120	124	122	616	13
Total expenditures, Schedule 1	$ 2,923	$ 3,096	$ 3,105	$ 1,441	$ 3,460	$ 14,025	$ 13,808

THE MANITOBA INTERCULTURAL COUNCIL

Notes to Financial Statements
March 31, 1986

1. Nature of Organization

The Manitoba Intercultural Council is a Crown corporation that was created by The Manitoba Intercultural Council Act, which was proclaimed on August 31, 1983. The objective of the Council is to provide information and advice to the Province of Manitoba on ethnocultural matters and to promote intercultural activities which will increase knowledge and understanding among ethnocultural groups.

The Manitoba Intercultural Council also acts as the Multicultural Umbrella under the gaming system in Manitoba and distributes gaming revenues to eligible not-for-profit multicultural organizations in the Province of Manitoba. The gaming revenues are derived from the Council's share of the gaming fund of the Manitoba Lotteries Foundation and the Council's share of bingo and casino events operated by the Manitoba Lotteries Foundation.

2. Accounting Policy

The financial statements have been prepared on the accrual basis of accounting except for furniture and equipment expenditures, which are recognized as expenditures in the year of acquisition. There has been no provision for depreciation.

3. Lease Commitment

The Council has a lease commitment for office rental expiring August 31, 1987. Basic rental is $16,800 per year excluding provision for escalation in taxes, insurance and operating costs.

4. Ethnocultural Community Support Fund

The Ethnocultural Community Support Fund has been designated by The Manitoba Intercultural Council as the fund for the gaming revenues to be distributed in respect of not-for-profit multicultural organizations in the Province of Manitoba. The gaming revenues arise from an agreement in principle between the Council and The Manitoba Lotteries Foundation. The agreement has not yet been ratified.

As at March 31, 1986, the balance of the Ethnocultural Community Support Fund and the amount receivable from The Manitoba Lotteries Foundation in respect of that Fund are determined to each be $856,220 (1985 - $598,926). These amounts include estimated final distributions subject to final determination by The Manitoba Lotteries Foundation.

THE MANITOBA INTERCULTURAL COUNCIL

Notes to Financial Statements
March 31, 1986

5. Effective November 1, 1984 the Council adopted a policy of retaining, for administrative purposes of the Council related to the Ethnocultural Community Support Fund, up to 5% of the net proceeds, from bingo and casino events held for multicultural organizations and the Gaming Fund of the Manitoba Lotteries Foundation. During the year ended March 31, 1986, the Council retained 5% of the net proceeds of $66,842 as income and retroactively recognized an additional amount for the year ended March 31, 1985 to bring the amount included in income up to the full 5% of the net proceeds for the year ended March 31, 1985 ($39,943).

   The comparative figures for the year ended March 31, 1985 have been restated to reflect this retroactive adjustment. Administrative expenditures related to the Ethnocultural Community Support Fund are borne by the Council.

Manitoba

THE MANITOBA LOTTERIES FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 7, of The Manitoba Lotteries Foundation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

July 31, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA LOTTERIES FOUNDATION
Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Assets		
Current Assets:		
Cash on hand and in bank	$ 5,652,832	$ 1,527,809
Term deposits with Minister of Finance	12,500,000	12,460,633
Accrued interest receivable	135,637	150,216
Accounts receivable:		
Western Canada Lottery Corporation	2,305,634	2,549,748
Trade	355,442	80,939
Miscellaneous	198,777	310,621
Inventories - at lower of cost or net realizable value:		
Lottery tickets	-	287,865
Bingo paper	137,680	200,131
Breakopen tickets	119,822	178,425
Canteen supplies	-	22,226
	21,405,824	17,768,613
Deposit on land	109,211	-
Net fixed assets, Note 4	2,566,364	1,738,262
Total assets	$24,081,399	$19,506,875

	1986	1985
Liabilities and Fund Account Balances		
Current liabilities:		
Accounts payable and accrued liabilities:		
Government of the Province of Manitoba	$ 240,132	$ 312,556
Western Canada Lottery Corporation	90,832	209,771
Trade	553,403	643,875
Casino-In-Process	-	623,295
Fund account balances - payable to organizations or the Government of the Province of Manitoba, Exhibit B, Note 2:		
Casino	287,834	48,402
Bingo Halls	1,018,180	544,244
Gaming Fund	9,566,970	8,528,074
	11,757,351	10,910,217
Deferred employee benefit	336,886	217,477
Fund account balances - Exhibit B, Note 2:		
General	2,737,757	3,215,809
Special	2,594,015	1,924,591
Equalization Fund	6,655,390	3,238,781
Total liabilities and fund account balances	$24,081,399	$19,506,875

Exhibit B

THE MANITOBA LOTTERIES FOUNDATION
Statement of Changes in Fund Account Balances
for the year ended March 31, 1986
(with 1985 figures for comparison)

	Fund Account Balances - payable to organizations or the Government of the Province of Manitoba, Note 2			Fund Account Balances, Note 2			Totals	
	Casino	Bingo Halls	Gaming Fund	General	Special	Equalization Fund	1986	1985
Balance, beginning of year	$ 48,402	$ 544,244	$ 8,528,074	$ 3,215,809	$ 1,924,591	$3,238,781	$17,499,901	$ 7,756,893
Add:								
Revenue over expenditure, Exhibit C	4,596,993	4,150,709	38,033,836	-	-	-	46,781,538	35,501,708
Transfers between fund accounts	-	-	(3,774,552)	(478,052)	669,424	3,583,180	-	-
Recoverable from future casinos, Note 2(f)	77,675	-	-	-	-	-	77,675	88,115
	4,723,070	4,694,953	42,787,358	2,737,757	2,594,015	6,821,961	64,359,114	43,346,716
Deduct:								
Funds transferred to the Government of the Province of Manitoba, Schedule 6	-	-	16,250,513	-	-	-	16,250,513	10,008,765
Grants to organizations, Schedule 7	4,435,236	3,676,773	16,969,875	-	-	166,571	25,248,455	15,838,050
	4,435,236	3,676,773	33,220,388	-	-	166,571	41,498,968	25,846,815
Balance, end of year, Exhibit A	$ 287,834	$1,018,180	$ 9,566,970	$ 2,737,757	$ 2,594,015	$6,655,390	$22,860,146	$17,499,901

Exhibit C

THE MANITOBA LOTTERIES FOUNDATION
Statement of Revenue and Expenditure for the year ended March 31, 1986 (with 1985 figures for comparison)

	1986	1985
Revenue:		
Net lottery sales revenue, Schedule 1	$30,587,600	$22,865,190
Bingo paper and breakopen ticket sales, Schedule 2	9,125,162	8,897,504
Bingo hall revenue over expenditure, Schedule 3	4,150,709	2,833,402
Casino revenue over expenditure, Schedule 4	4,596,993	2,365,118
Interest income	1,474,505	1,212,386
License fees	388,463	781,568
Other income	98,602	34,741
	50,422,034	38,989,909
Administrative expenses, Schedule 5	3,640,496	3,488,201
Revenue over expenditure, Exhibit B	$46,781,538	$35,501,708

Schedule 1

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Net Lottery Sales Revenue
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Lottery sales at retail, Note 2(b):		
Lotto 6/49	$46,477,515	$27,970,205
Instant	16,000,000	14,750,247
Super Loto	7,909,010	6,584,170
Lotto West	5,826,741	3,933,014
Provincial	5,678,005	5,186,490
Western Express	5,569,979	6,510,715
Anniversary	-	887,900
	87,461,250	65,822,741
Interest and other revenue - Western Canada Lottery Corporation	945,364	786,259
	88,406,614	66,609,000
Cost of lottery sales - Western Canada Lottery Corporation	54,350,967	42,339,576
	34,055,647	24,269,424
Payment by agreement to the Government of Canada, Note 5	3,468,047	1,404,234
Net lottery sales revenue, Exhibit C	$30,587,600	$22,865,190

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Bingo Paper and Breakopen Ticket Sales
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Bingo paper:		
Sales:		
- licensees	$ 795,360	$ 467,580
- bingo halls, Schedule 3	252,083	296,800
	1,047,443	764,380
Cost of bingo paper sold	924,620	556,867
Net sales	$ 122,823	$ 207,513
Breakopen tickets:		
Sales:		
- licensees	$ 9,425,380	$ 9,682,435
- bingo halls, Schedule 3	1,093,232	1,018,350
	10,518,612	10,700,785
Cost of breakopen tickets sold	1,516,273	2,010,794
Net sales	$ 9,002,339	$ 8,689,991
Bingo paper and breakopen ticket sales, Exhibit C	$ 9,125,162	$ 8,897,504

Schedule 3

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Bingo Hall Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985 (10 months)
Revenue		
Bingo paper:		
Sales (retail)	$8,659,491	$7,057,899
Less:		
Prizes	5,156,265	4,381,292
Cost of paper sold, Schedule 2	252,083	296,800
	3,251,143	2,379,807
Breakopen tickets:		
Sales (retail)	9,073,567	7,550,925
Less:		
Prizes	5,896,969	4,918,509
Cost of tickets sold, Schedule 2	1,093,232	1,018,350
	2,083,366	1,614,066
Canteen proceeds, Note 3	118,205	270,362
	5,452,714	4,264,235
Expenditure		
Advertising	89,070	183,271
Bingo hall rental	263,762	231,483
Canteen expenses	5,119	2,087
Canteen salaries and benefits, Note 3	-	132,916
Depreciation and amortization	278,645	247,315
Maintenance	105,885	38,245
Other	3,879	18,137
Salaries and benefits:		
- permanent	174,732	199,757
- casual	103,263	121,352
Security	48,942	30,158
Shortage allocated to organizations	169,146	150,595
Supplies	2,088	19,520
Utilities	57,474	55,997
	1,302,005	1,430,833
Revenue over expenditure, Exhibit C	$4,150,709	$2,833,402

Schedule 4

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Casino Revenue and Expenditure for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Casino proceeds	$7,409,517	$3,603,217
Interest	8,734	37,453
	7,418,251	3,640,670
Expenditure:		
Advertising	125,679	36,378
Depreciation and amortization	144,783	20,952
Other	80,171	34,317
Rentals	193,019	128,587
Salaries and benefits:		
- permanent	208,520	104,547
- casual	1,932,790	834,898
Security	83,217	40,478
Supplies	53,079	75,395
	2,821,258	1,275,552
Revenue over expenditure, Exhibit C	$4,596,993	$2,365,118

Schedule 5

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Administrative Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Advertising and promotion	$ 91,188	$ 317,236
Board members' fees and expenses	27,182	29,189
Cartage	110,640	113,468
Commissions and bonuses	123,280	105,175
Depreciation and amortization	159,817	50,646
Equipment rentals, repairs and maintenance	70,643	85,734
Insurance, security and property taxes	61,130	27,595
Office and storage space rentals	164,337	196,591
Provision for pension benefits	101,503	101,290
Postage, telephone and telex	87,621	71,255
Professional fees	46,259	125,612
Salaries and benefits	2,149,971	1,829,989
Sundry	128,242	103,758
Supplies and printing	91,124	115,775
Travel	227,559	214,888
Total administrative expenses, Exhibit C	$3,640,496	$3,488,201

Schedule 6

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Transfers to the Government of the Province of Manitoba for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Department of Culture, Heritage and Recreation	$11,781,393	$7,230,790
Department of Health	4,469,120	2,777,975
Total transfers, Exhibit B	$16,250,513	$10,008,765

THE MANITOBA LOTTERIES FOUNDATION

Grants to Organizations, Note 6, for the year ended March 31, 1986
(with 1985 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	Equalization Fund	Totals 1986	Totals 1985
Manitoba Sports Federation Inc. and member organizations	$ 335,506	$2,019,037	$6,013,785	$ -	$ 8,368.328	$ 5,144,071
Manitoba Arts Council and member organizations	171,164	132,492	4,290,537	-	4,594,193	2,862,545
Manitoba Community Education Association Inc; and member organizations	1,480,652	243,282	-	-	1,723,934	885,879
Manitoba Community Services Council and member organizations	342,328	881,917	2,637,625	-	3,861,870	2,442,690
Manitoba Heritage Federation Inc.	490,932	-	-	-	490,932	469,729
Manitoba Intercultural Council and member organizations	149,347	400,045	451,256	-	1,000,648	438,184
United Way of Winnipeg	-	-	1,969,426	-	1,969,426	1,230,919
Health Sciences Centre Research Foundation	-	-	758,563	-	758,563	-
Manitoba Health Research Council	-	-	803,623	-	803,623	650,701
St. Boniface General Hospital Research Foundation Inc.	-	-	45,060	-	45,060	650,701
Manitoba Mental Health Research Foundation	-	-	-	35,000	35,000	-
Festival du Voyageur	265,556	-	-	-	265,556	514,724
Red River Exhibition Association	239,650	-	-	-	239,650	193,218
Folk Arts Council of Winnipeg Inc.	255,776	-	-	60,261	316,037	87,393
Winnipeg Blue Bombers Football Club	249,401	-	-	-	249,401	147,654
Royal Canadian Legion, Manitoba and Northwest Ontario Command	-	-	-	71,310	71,310	58,344
Rural Casinos, Note 7	454,924	-	-	-	454,924	61,298
Total, Exhibit B	$4,435,236	$3,676,773	$16,969,875	$166,571	$25,248,455	$15,838,050

THE MANITOBA LOTTERIES FOUNDATION
Notes to the Financial Statements for the year ended March 31, 1986

1. Establishment of the Foundation and Nature of Operations

Order-in-Council 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act.

The Foundation is the Agent of the Government of the Province of Manitoba in the Western Canada Lottery Corporation (W.C.L.C.). W.C.L.C. is responsible for providing the lottery tickets, determining the winning tickets, paying out the prizes, as well as other administrative responsibilities as determined by the member Provinces.

The Manitoba Lotteries Foundation is responsible for the overall conduct and management of all lottery schemes in Manitoba, except for raffles with prizes under three thousand dollars. The Foundation may issue licences to organizations to hold lottery schemes, in which case, the Foundation carries out a supervisory and compliance control.

The Manitoba Lotteries Foundation conducts and manages bingo and breakopen ticket lotteries at three bingo halls (two halls beginning January 1, 1986). The Foundation also conducts and manages all casinos in the Province of Manitoba.

2. Significant Accounting Policies

(a) Revenue and expenditure recognition

Revenue and expenditure is recorded on an accrual basis except for the following:

(i) Revenue on lottery ticket sales, Schedule 1, Note 2(b), is recognized on sales for which draws are completed in the fiscal year.

(ii) Casino revenue and expenditure, Schedule 4, Note 2(f), is recognized on casinos which are completed in the fiscal year.

(iii) Licensing revenue, Note 2(c), is recognized on a cash receipts basis.

(b) Government Lotteries

Lottery revenue is received from W.C.L.C. and represents the revenue the Foundation receives from government lottery sales in the Province of Manitoba less Manitoba's share of W.C.L.C.'s costs associated with these sales and Manitoba's share of the amounts owing to the Federal Government.

(c) Licence Fees

Licence fees are assessed to recover certain of the Foundation's operating costs pertaining to the regulation of lottery schemes in the Province.

(d) Fixed Assets and Depreciation

Fixed assets are recorded at cost.

Furniture and other equipment are depreciated on a straight-line basis over 5 years.

Building is depreciated on a straight-line basis over 20 years.

Leasehold improvements are amortized over the term of the lease.

Automotive equipment is depreciated on a declining balance method at 30% per annum.

Casino equipment and chips is depreciated on a declining balance method at 20% per annum.

Casino security equipment is depreciated on a straight-line basis over 10 years.

(e) Pension Costs

The officers and employees of the Foundation are members of the Civil Service of the Government of the Province of Manitoba, and they contribute to and are pensionable under the Civil Service Superannuation Fund.

It is the policy of the Foundation to provide for the employer's portion of pension benefits earned by employees on an indexed basis. An actuarial report as at December 31, 1983 calculated the value of these liabilities at $100,900. The actuary's formula projects this figure to $336,886 as at March 31, 1986 (1985 - $217,477).

(f) Casino

The casino statement, Schedule 4, reflects the transactions pertaining to casinos operated and managed by the Foundation.

The casinos are charged with all direct expenses of operating the casinos. There is no allocation of senior management's salaries which are considered indirect. All indirect expenses are recorded as administrative expenses because they affect the total operations of the Foundation.

The Foundation deducts from the proceeds of each casino an amount intended to recover direct expenses. If direct expenses exceed the amount charged to the casinos the variance is recovered from future casinos. If the direct expenses are less than the amount charged to the casinos the variance is payable to the organizations that were involved with the casino events.

(g) Bingo Halls

The bingo hall statement, Schedule 3, reflects the transactions pertaining to bingo hall events operated and managed by the Foundation. The bingo hall operations are charged for all direct expenses of operating the bingo halls. All indirect expenses are recorded as administrative expenses because they affect the total operations of the Foundation.

The Foundation deducts from the proceeds of each bingo event an amount intended to recover direct expenses. If direct expenses exceed the amount charged to the bingos the variance is recovered from future bingos. If the direct expenses are less than the amount charged to the bingos the variance is payable to the umbrella groups associated with the organizations that were involved with the bingo events.

(h) Fund Accounts

The Foundation maintains specific fund accounts in order to recognize restrictions placed on the use of resources. The funds are included in the net assets of the Foundation.

The proceeds realized by the Foundation from time to time from the conduct and management of lottery schemes, less the costs of conducting and managing the lottery schemes and administering the Manitoba Lotteries Foundation Act, are to be used and applied as the Lieutenant Governor in Council directs or in accordance with general guidelines prescribed by the Lieutenant Governor in Council.

(i) Gaming Fund Account

The Gaming Fund Account is credited with the net proceeds from operations except for casino and bingo hall operations.

The available proceeds of this Fund Account are payable and/or transferable to charitable community organizations through their designated umbrella groups, to designated departments of the Government of the Province of Manitoba and to the Equalization Fund Account based on a sharing formula approved by Order-in-Council.

(ii) Casino and Bingo Hall Fund Accounts

These fund accounts are credited with the net proceeds from casinos and bingos operated by the Foundation.

The proceeds are payable to umbrella groups and/or community organizations that were involved with the casino and/or bingo events.

(iii) General Fund Account

The General Fund Account reflects $2,000,000 in retained income for working capital and investments in fixed assets. For the year ended March 31, 1986 a net interfund transfer to the Special Fund Account was recorded as required by Cabinet directive. Transfers are being made back to the Special Fund Account over the next four years to carry out the balance of the Cabinet directive.

(iv) Special Fund Account

The Special Fund Account is set up and used for special projects as authorized by Cabinet. Changes in the account during the year are set out below:

Opening balance		$1,924,591
Transfers from General Fund Account, Note 2(h)(iii)	$ 478,052	
Interest transferred from Gaming Fund Account	191,372	669,424
Closing balance, Exhibit B		$2,594,015

(v) Equalization Fund Account

This Fund Account receives a 10% allocation of the net proceeds credited to the Gaming Fund Account after adjustments for medical research proceeds and interest allocated to the Special Fund Account. This is based on a sharing formula approved by Order-In-Council. The purpose of this Fund Account is to provide for adjustments which may be necessary, based on historical relationships between sharing groups in the Gaming Fund Account and any other uses at the sole discretion of the Government of the Province of Manitoba.

3. Canteen

On April 1, 1985, the Foundation contracted with a food services management firm to manage the canteens at the bingo halls. The management firm maintains the inventory, pays the salaries and direct expenses and remits the net proceeds less their management fees to the Foundation.

4. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1986 Net Book Value	1985 Net Book Value
Land	$ 102,164	$ -	$ 102,164	$ 102,164
Furniture and equipment	604,967	215,999	388,968	212,611
Building	1,177,903	49,079	1,128,824	821,684
Leasehold improvements	732,476	529,664	202,812	281,373
Casino equipment and chips	414,961	99,754	315,207	293,327
Other equipment	100,018	33,298	66,720	27,103
Casino security	390,993	29,324	361,669	-
	$3,523,482	$957,118	$2,566,364	$1,738,262

5. Payment to Government of Canada

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government.

During the year, a second agreement was signed between the Provinces of Canada and the Federal Government whereby the Provinces have agreed to pay $100,000,000 over three years in return for the Federal Government amending the criminal code removing the Federal Government as a participant in lottery and gaming activities.

Manitoba's share of payment	1986	1985
Agreement #1	$1,821,054	$1,404,234
Agreement #2	1,646,993	-
	$3,468,047	$1,404,234

6. Grants to Organizations

Grants to organizations reflected on Schedule 7 were made to the umbrella groups and/or member organizations. Agreements and/or letters of understanding with the umbrella groups provide for Manitoba Lotteries Foundation to make certain payments directly to the member organizations.

7. Rural Casinos

Proceeds of the rural casinos were paid to the following organizations:

	1986	1985
Provincial Exhibition of Brandon	$ 55,267	$ -
East St. Paul Community Club	47,163	-
East Selkirk Recreation Assoc. Inc.	38,978	-
Garson Community Rink Inc.	32,731	-
South Interlake Golf and Country Club	27,554	-
Kinsmen Club of Stony Mountain	24,134	-
Beausejour Brokenhead Memorial Arena Board	22,092	-
St. Andrews Community Club	21,652	-
Lorette Sports Centre	18,537	-
Winnipeg Beach Community Curling Club	18,452	-
Morris Curling Club	18,182	-
Kinsmen Club of Stonewall	17,816	-
Elie Community Club	16,058	-
Oakbank Community Club	16,007	-
Kinsmen Club of Gimli	15,005	-
Selkirk Casino Umbrella Group	14,832	26,153
Balmoral Skating and Hockey Club	13,887	-
Kinsmen Club of Thompson	10,489	-
Grosse Isle Memorial Recreation Club	8,206	-
Labroquerie Arena Board	5,296	-
Kinsmen Club of The Pas	4,985	-
Kinsmen Club of Flin Flon	4,054	-
St. Anne Aces Hockey Club	3,547	16,601
Northern Manitoba Trapper's Festival	-	18,544
	$454,924	$61,298

8. Commitments and Contingent Liability

(a) The following contractual liabilities exist as at March 31, 1986:

Operating lease commitments for facilities, halls and equipment amount to $670,200.

The minimum rental payments on these leases for subsequent fiscal years are:

March 31, 1987	$276,689
March 31, 1988	226,424
March 31, 1989	167,087
	$670,200

(b) The following contingent liability exists as at March 31, 1986:

Four claims have been filed against the Foundation. Two claims are with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba. One claim pertains to the Foundation's refusal of a certain licence while another claim concerns the business of selling lottery products outside the Province of Manitoba.

The financial implication of these claims cannot be determined at this time.

No provision has been made in the accounts of the Foundation in respect to these claims as at March 31, 1986.

9. Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 financial statement presentation.

Manitoba

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Mental Health Research Foundation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

April 10, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Cash in bank	$ 62,547	$ 29,874
Term deposit	100,000	75,000
	$ 162,547	$ 104,874
FUND BALANCES		
Unexpended funds, Exhibit B.		
Specific	$ 75,731	$ 57,428
General	86,816	47,446
	$ 162,547	$ 104,874

Exhibit B

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Statement of Cash Receipts and Disbursements and Unexpended Funds
for the year ended March 31, 1986
(with 1985 figures for comparison)

	Specific Funds	General Funds	1986 Total	1985 Total
Receipts:				
Grant from the Province of Manitoba	$ -	$ 15,000	$ 15,000	$ 15,000
Grant from the Manitoba Lotteries Foundation	-	35,000	35,000	-
Grant from the Manitoba Community Services Council	-	28,750	28,750	-
Bank interest	-	9,091	9,091	9,632
Donations received	-	4,075	4,075	1,130
Total Receipts	$ -	$ 91,916	$ 91,916	$ 25,762
Disbursements:				
Research projects:				
University of Manitoba on behalf of grantees	$ 30,686	$ -	$ 30,686	$ 36,752
University of Winnipeg on behalf of grantees	2,318	-	2,318	11,577
Direct to grantee - in trust	-	-	-	2,642
Administrative expenses	-	1,239	1,239	1,389
Total Disbursements	33,004	1,239	34,243	52,360
Excess receipts over disbursements	(33,004)	90,677	57,673	(26,598)
Transfers (Note 3)	51,307	(51,307)	-	-
	18,303	39,370	57,673	(26,598)
Unexpended funds, beginning of year	57,428	47,446	104,874	131,472
Unexpended funds, end of year, Exhibit A	$ 75,731	$ 86,816	$ 162,547	$ 104,874

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Notes to the Financial Statements
For the year ended March 31, 1986

1. Nature of the Foundation

The Foundation is incorporated under The Manitoba Mental Health Research Foundation Act. Its aims and objectives are to support and to promote the development of mental health research in Manitoba. The Foundation is a registered charity within the meaning of the Income Tax Act.

2. Accounting Policies

a) Accounting basis

The Foundation's financial statements have been prepared using the cash basis of accounting.

b) Administrative expenses

The members of the board of governors, and the treasurer, serve without remuneration.

c) Transfers between General and Specific funds

Specific funds pertain to projects which the Board has approved to be conducted by the grantees. The projects are either in progress or completed. Upon Board approval of a project, a transfer is made from General to Specific funds in the amount of the approved level of the project funding. When projects are completed and the Board has determined that unspent funds remaining will not be required for the project, these unspent funds are transferred from Specific to General funds.

3. The transfer from General to Specific funds was $51,307 (1985 - $17,607). There were no transfers from Specific to General funds.

4. Prior year's figures have been restated to reflect the presentation adopted for 1986.

Manitoba

THE MANITOBA MILK PRICES REVIEW COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Milk Prices Review Commission for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

September 15, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA MILK PRICES REVIEW COMMISSION

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Current Assets:		
Cash	$ 8,380	$ 5,820
LIABILITIES AND UNEXPENDED FUNDS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 3,110	$ 2,304
Unexpended funds, Exhibit B	5,270	3,516
	$ 8,380	$ 5,820

Exhibit B

THE MANITOBA MILK PRICES REVIEW COMMISSION

Statement of Income and Expenditure and Retained Earnings
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Income:		
Grant from the Government of the Province of Manitoba	$ 44,102	$ 45,174
Interest income	244	257
Miscellaneous income	-	292
	44,346	45,723
Expenditure:		
Annual report	462	231
Commission - per diem and benefits	4,295	5,765
- travel and meetings	4,964	10,866
Office and postage	1,864	1,886
Professional fees	5,195	5,000
Salaries and benefits (Note 3)	22,659	21,804
Sundry	1,375	748
Telephone	1,778	1,786
	42,592	48,086
Income over (under) expenditure	1,754	(2,363)
Unexpended funds, beginning of the year	3,516	5,879
Unexpended funds, end of the year, Exhibit A	$ 5,270	$ 3,516

THE MANITOBA MILK PRICES REVIEW COMMISSION

Notes to Financial Statements

1. Nature of the Commission

The Milk Prices Review Act was enacted effective September 29, 1980. This Act established The Manitoba Milk Prices Review Commission to monitor prices of fluid milk, to set the price at which milk may be sold by a producer for use as fluid milk and, if necessary, to set maximum and/or minimum prices at which fluid milk may be sold to consumers.

2. Accounting Policies

a) The Commission uses the accrual basis of accounting.

b) Office equipment purchases are charged to operations in the year of acquisition.

3. Services Provided by the Government of the Province at no Charge

The Government of the Province of Manitoba provides the services of an Executive Secretary, office accommodations and other miscellaneous administrative services at no charge to the Commission.

4. The Manitoba Fluid Milk Commission

The Manitoba Fluid Milk Commission was established effective March 1, 1984 by regulation under the Natural Products Marketing Act. The Manitoba Fluid Milk Commission may set maximum and/or minimum or fixed prices at which fluid milk may be sold by a distributor or processor. The members of The Manitoba Fluid Milk Commission are also members of The Manitoba Milk Prices Review Commission. Administrative services for The Manitoba Fluid Milk Commission are provided by staff of The Manitoba Milk Prices Review Commission and the Government of the Province of Manitoba without charge.

Manitoba

MANITOBA MINERAL RESOURCES LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manitoba Mineral Resources Ltd. as at December 31, 1985 and the statement of exploration expenditures, the Trout Lake Mine statement of operations, and the statement of changes in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Mineral Resources Ltd. as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 3 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

February 17, 1986 except as to Note 9
which is as of March 24, 1986.

Winnipeg, Manitoba.

Exhibit A

MANITOBA MINERAL RESOURCES LTD.

Balance Sheet
as at December 31, 1985
(with comparative figures at December 31, 1984)

ASSETS

	1985	1984
Current assets:		
Cash - in bank	$ 200,197	$ 33,927
- in trust with the Minister of Finance	2,370,000	3,110,000
Settlements and accounts receivable (Notes 3(b) & 6)	1,010,188	1,060,993
Accrued interest receivable	44,503	44,567
Prepaid expenses	4,056	3,964
Total current assets	3,628,944	4,253,451
Fixed assets (Notes 3(c) & (d)):		
Field equipment	163,612	164,625
Office equipment	40,988	40,988
Office renovations	5,975	5,975
Vehicles	22,907	16,135
Exploration and development - Trout Lake mine	1,129,830	1,114,897
	1,363,312	1,342,620
Less: accumulated depreciation	162,729	145,492
accumulated amortization - Trout Lake mine	446,982	362,582
	609,711	508,074
Fixed assets, net	753,601	834,546
	$ 4,382,545	$ 5,087,997

The accompanying notes are an integral part of the financial statements.

Exhibit A

LIABILITIES

	1985	1984
Current liabilities:		
Accounts payable	$ 120,648	$ 292,856
Total current liabilities	120,648	292,856

SHAREHOLDER'S EQUITY

	1985	1984
Capital stock (Notes 1 and 4):		
Authorized - unlimited number of shares without par value for unlimited consideration		
Issued and fully paid - 5 shares at $1.00 each	5	5
- 680,000 shares at $10.00 each	6,800,000	6,800,000
	6,800,005	6,800,005
Deficit, beginning of year	2,004,864	891,547
Exploration expenditures, net, Exhibit B	3,281,664	2,437,790
Net income, Trout Lake mine, Exhibit C	(2,748,420)	(1,324,473)
Deficit, end of year	2,538,108	2,004,864
Shareholder's equity, net	4,261,897	4,795,141
	$ 4,382,545	$ 5,087,997

Exhibit B

MANITOBA MINERAL RESOURCES LTD.

Statement of Exploration Expenditures
For the year ended December 31, 1985
(with comparative figures for the year ended December 31, 1984)

	1985	1984
Exploration expenditures:		
Wholly owned ventures	$ 1,493,169	$ 1,031,622
Joint ventures operated by Manitoba Mineral Resources Ltd.	1,233,940	653,827
Deduct: recoveries from joint venture partners	604,842	216,463
	629,098	437,364
Joint ventures operated by partners	978,889	773,324
Total joint venture exploration expenditures	1,607,987	1,210,688
	3,101,156	2,242,310
Ruttan Mine evaluation	-	39,271
General and administration expenses, net, Schedule 1	249,938	219,439
	3,351,094	2,501,020
Income:		
Oil production	7,690	3,247
Management fees	58,091	23,538
Option payments and sales of interests	667	33,765
Sundry	2,982	2,680
	69,430	63,230
Exploration expenditures, net, (Note 3(d)), Exhibit A	$ 3,281,664	$ 2,437,790

The accompanying notes are an integral part of the financial statements.

Exhibit C

MANITOBA MINERAL RESOURCES LTD.

Trout Lake Mine
Statement of Operations
For the year ended December 31, 1985
(with comparative figures for the year ended December 31, 1984)

	1985	1984
Revenue:		
Sales of concentrates (Note 3(b))	$ 7,319,971	$ 6,302,249
Interest income	157,304	108,776
	7,477,275	6,411,025
Expenses:		
Mining	3,490,173	3,892,920
Milling	1,081,862	1,028,819
Monitoring	22,082	20,136
	4,594,117	4,941,875
Operating income before other expenses:	2,883,158	1,469,150
Other expenses:		
Amortization of exploration and development expenditures	84,400	98,737
Administration, Schedule 1	50,338	45,940
	134,738	144,677
Net income, Exhibit A	$ 2,748,420	$ 1,324,473

The accompanying notes are an integral part of the financial statements.

Exhibit D

MANITOBA MINERAL RESOURCES LTD.

Statement of Changes in Financial Position
For the year ended December 31, 1985
(with comparative figures for the year ended December 31, 1984)

	1985	1984
Source of funds:		
Shares issued and paid	$ -	$ 2,189,000
Trout Lake mine operations, Exhibit C	2,748,420	1,324,472
Add non-cash charge, amortization	84,400	98,737
	$ 2,832,820	3,612,209
Application of funds:		
Exploration expenditures, net, Exhibit B	3,281,664	2,437,790
Less non-cash charge, depreciation	25,412	9,728
	3,256,252	2,428,062
Purchase of fixed assets, net	13,934	71,048
Mine development expenditures	14,933	11,833
	3,285,119	2,510,943
Increase (decrease) in working capital	(452,299)	1,101,266
Working capital, beginning of period	3,960,595	2,859,329
Working capital, end of year	$ 3,508,296	$ 3,960,595

The accompanying notes are an integral part of the financial statements.

Schedule 1

MANITOBA MINERAL RESOURCES LTD.

Schedule of General and Administration Expenses
For the year ended December 31, 1985
(with comparative figures for the year ended December 31, 1984)

	1985	1984
Salaries, wages and employee benefits	$ 164,345	$ 167,589
Office rent	47,598	46,498
Equipment rental and maintenance	9,898	8,043
Accounting and audit	23,637	23,771
Legal	9,182	10,188
Telephone	8,572	8,876
Printing, postage & supplies	15,425	16,036
Directors fees	2,000	2,800
Depreciation	25,412	9,728
Corporation capital tax	19,181	7,438
Other	18,822	13,809
	344,072	314,776
Less allocated:		
Trout Lake mine	50,338	45,940
Exploration expenditures	43,796	49,397
	94,134	95,337
General and administration expenses, net, Exhibit B	$ 249,938	$ 219,439

MANITOBA MINERAL RESOURCES LTD.

Notes to Financial Statements
For the year ended December 31, 1985

1. Status of the Company

Manitoba Mineral Resources Ltd. is a crown corporation established under The Manitoba Natural Resources Development Act and incorporated under the Manitoba Corporations Act. The issued shares are held by the Province of Manitoba except for five shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba. The Company is authorized to issue an unlimited number of common shares for an unlimited maximum consideration.

2. Nature of the Operations

The Company undertakes exploration for minerals in the Province of Manitoba through wholly owned ventures and joint ventures. These joint ventures are operated by either the Company or the partners.

The Company also maintains an interest in the development, mining and processing of ore from the Trout Lake mine and the sale of the concentrates. This activity is further explained in note 5.

3. Significant Accounting Policies

(a) Accounting basis

The accounts are reflected on the accrual basis of accounting.

(b) Settlements receivable

The Company entered into a contract with Hudson Bay Mining and Smelting Co. Limited for the sale of its concentrates. Under the terms of the contract, the concentrates are deemed to be sold at the time of delivery of ore to the mill. The settlements receivable on sales of ore concentrates are recorded at the estimated net realizable value.

(c) Fixed assets and depreciation

Fixed assets are recorded at cost. Depreciation is taken on a straight line basis.

(d) Exploration and development expenditures and amortization

Exploration costs are charged to expense as incurred. They are capitalized when a mine is brought into production. The development costs associated with bringing a property into an operating mine status are capitalized. The capitalized costs in respect to an operating mine are amortized by the unit-of-production method based on estimated recoverable reserves.

MANITOBA MINERAL RESOURCES LTD.

Notes to Financial Statements
For the year ended December 31, 1985

7. Contingent Liabilities

a) Authorized funds available from the Province of Manitoba, in the amount of $8,239,348 have been drawn down as conditional working capital grants since the inception of Manitoba Mineral Resources Ltd. and netted against the deficit account. No such grants were drawn down in 1985 or 1984. These grants are non-interest bearing and conditional on the basis that they become repayable to the Province if, as and when exploration projects become profitable ventures.

b) The Company has contingent liabilities for guarantees of bank letters of credit totalling $75,000 ($125,000 - December 31, 1984).

8. Exploration Expenditures

The total exploration expenditures from inception to December 31, 1985 are $14,919,085 ($11,637,421 - from inception to December 31, 1984).

9. Subsequent Event

On March 24, 1986 the Company issued 60,000 shares to the Province of Manitoba for a total amount of $600,000.

10. Comparative Figures

Comparative figures for the year ended December 31, 1984 have been restated to conform with the presentation adopted for the current year.

MANITOBA MINERAL RESOURCES LTD.

Notes to Financial Statements
For the year ended December 31, 1985

4. Authority to Purchase Shares

The Province of Manitoba authorized the purchase of shares of the Company as a method of funding the Company's activities as follows:

Authority	Amount Used to Purchase Shares	Amount Authorized
The Loan Act, 1982	$ 2,800,000	$ 2,800,000
The Loan Act, 1983 (2)	4,000,000	5,600,000
The Loan Act, 1984 (2)	-	7,062,000
	$ 6,800,000	$ 15,462,000

5. Trout Lake Mine

The Trout Lake mine is an unincorporated joint venture which is limited to the development and operation of the mine. The joint venture partners take the ore produced in proportion to their interests and are individually responsible for processing of the ore and sale of the concentrates.

The Company has a 27% interest in the joint venture. Hudson Bay Mining and Smelting Co. Limited has 44%, Granges Exploration Ltd. 19.833% and Outokumpu Oy 9.167%.

These financial statements reflect the Company's revenue and expenditures for its 27% interest in the joint venture operations and the additional activities outside of the joint venture, including arrangements for the processing of the ore, sale of concentrates, monitoring and administration.

6. Settlements and Accounts Receivable

	December 31 1985	December 31 1984
Settlements receivable on sales of Trout Lake mine concentrates (Note 3(b))	$ 965,975	$ 1,000,188
Accounts receivable	44,213	60,805
	$ 1,010,188	$ 1,060,993

Manitoba
Oil and Gas
Corporation

Auditor's Report

To the Shareholders of
The Manitoba Oil and Gas Corporation

We have examined the balance sheet of The Manitoba Oil and Gas Corporation as at December 31, 1985 and the statement of operations and deficit and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

March 18, 1986

Chartered Accountants

Manitoba
Oil and Gas
Corporation

Balance Sheet

As at December 31, 1985

	1985	1984
Assets		
Current assets		
Cash	**$ 139,373**	$ 35,937
Funds held in trust (note 4)	**1,100,000**	3,950,000
Accounts receivable	**78,591**	16,845
Drilling advances	**255,320**	13,721
Inventories	**34,640**	—
Deposits and prepaid expenses	**7,193**	7,526
	$ 1,615,117	$ 4,024,029
Property and equipment less accumulated depletion, depreciation and amortization (note 3)	**$ 3,157,318**	$ 622,090
	$ 4,772,435	$ 4,646,119
Liabilities		
Accounts payable	**$ 402,347**	$ 141,503
Equity, Province of Manitoba		
Share capital (note 4)	**$ 5,000,000**	$ 5,000,000
Deficit	**629,912**	495,384
	$ 4,370,088	$ 4,504,616
	$ 4,772,435	$ 4,646,119

Approved on Behalf of the Board

Director Dm Silver

Director G. Hastings

The accompanying notes are an integral part of this Balance Sheet.

Manitoba
Oil and Gas
Corporation

Statement of Operations and Deficit

For the Year Ended December 31, 1985

	1985	1984
Revenue		
Petroleum sales	$ 263,577	$ —
Less: Royalties	23,608	—
	$ 239,969	$ —
Pipeline fees	165,780	—
Interest and other income	16,719	5,800
	$ 422,468	5,800
Expenses		
Production and operating	$ 91,192	$ —
General and administrative	347,850	226,538
Depletion, depreciation and amortization	117,954	11,984
	$ 556,996	$ 238,522
Loss from operations	$ 134,528	$ 232,722
Write-down of oil and gas properties (note 5)	$ —	$ 158,076
Organization costs	—	104,586
Net loss for the year	$ 134,528	$ 495,384
Deficit, beginning of year	$ 495,384	$ —
Deficit, end of year	$ 629,912	$ 495,384

The accompanying notes are an integral part of this statement.

Statement of Changes in Cash Resources
For the Year Ended December 31, 1985

		1985		1984
Cash flow (deficiency) from operations				
Loss from operations	$	**(134,528)**	$	(495,384)
Items not affecting cash -				
Depletion, depreciation & amortization		**117,954**		11,984
Write-down of oil and gas properties		**—**		158,076
Cash flow (deficiency)before working capital changes	$	**(16,574)**	$	(325,324)
(Increases) decreases in operating working capital -				
Accounts receivable	$	**(57,099)**	$	(16,845)
Inventory		**(34,640)**		—
Deposits & prepaid expenses		**333**		(7,526)
Accounts payable		**14,697**		31,503
	$	**(76,709)**	$	7,132
	$	**(93,283)**	$	(318,192)
Capital expenditures				
Property & equipment	$	**(2,653,281)**	$	(695,871)
Financing activity				
Issuance of share capital	$	**—**	$	5,000,000
Cash (required) provided	$	**(2,746,564)**	$	3,985,937
Cash, beginning of year	$	**3,985,937**	$	—
Cash, end of year	$	**1,239,373**	$	3,985,937

(1) "Cash" comprises cash and funds held in trust.

(2) 1984 balances, originally presented on a working capital basis, have been restated to conform to the 1985 presentation.

The accompanying notes are an integral part of this statement.

Manitoba
Oil and Gas
Corporation

Notes to Financial Statements
December 31, 1985

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared by management in accordance with generally accepted accounting principles. The Corporation's significant accounting policies are summarized below.

Joint Ventures

Substantially all of the Corporation's exploration activities are conducted jointly with others. These financial statements reflect only the Corporation's proportionate interest in such activities.

Full Cost Method of Accounting

The Corporation follows the full cost method of accounting for oil and gas operations wherein all costs related to the exploration for and development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, costs of drilling both productive and non-productive wells and all technical and administrative overhead directly associated with exploration and development activities. Such costs are limited to the future net revenue from estimated production of proved reserves and the estimated fair market value of unproved properties.

Depletion, Depreciation and Amortization

Depletion of oil and gas properties and depreciation of production equipment and facilities is calculated using the unit-of-production method based on estimated proved reserves of oil and gas. Costs of acquiring and evaluating unproved properties are excluded from capitalized costs to be depleted until it is determined whether or not proved reserves are attributed to the properties or impairment in value has occurred.

Depreciation on other equipment is calculated on the declining balance basis at rates ranging from twenty to twenty-five percent. Leasehold improvements are amortized over the remaining term of the lease plus one renewal period.

2. Status of the Corporation

The Manitoba Oil and Gas Corporation was established as a Crown Corporation under the Manitoba Oil and Gas Corporation Act, Bill 4, in 1983. Under the provisions of its Act, the Corporation conducts activities to promote exploration and development of oil and gas as a direct participant in the industry.

3. Property and Equipment

	1985			1984
	Cost	Accumulated Depreciation Depletion & Amortization	Net Book Value	Net Book Value
Petroleum and natural gas properties including exploration & development thereon	$ 2,496,178	$ 191,916	$ 2,304,262	$ 190,380
Pipeline investment	492,233	54,410	437,823	388,584
Production equipment	209,735	5,000	204,735	—
Other	247,186	36,688	210,498	43,126
	$ 3,445,332	$ 288,014	$ 3,157,318	$ 622,090

4. Share Capital

As a Crown corporation, the Corporation issues share certificates to the Minister of Finance in exchange for equity financing. Proceeds available to the Corporation in respect of shares issued are held in trust by the Minister to be advanced as funds are required to finance operations. Undisbursed funds held in trust are non interest-bearing to the Corporation.

	1985	1984
Authorized		
200,000 shares, maximum consideration	**$ 20,000,000**	$ 20,000,000
Issued		
50,000 shares	**$ 5,000,000**	$ 5,000,000
Proceeds advanced	**3,900,000**	1,050,000
Funds held in trust	**$ 1,100,000**	$ 3,950,000

5. Write-down of Oil and Gas Properties

Under generally accepted accounting principles, the capitalized cost of oil and gas properties is limited to the present value of future net revenues from estimated production of reserves. During 1984, the first year of operations, the Company participated in a total of three drilling ventures which proved to be unsuccessful. As a result of the failure to find commercial reserves prior to year end, all related costs were written off.

6. Commitments

Future minimum lease payments in respect of office premises and equipment aggregate $65,000 over the next five years.

7. Subsequent Event

On January 9, 1986 The Corporation issued 50,000 shares of capital stock to the Minister of Finance for $5,000,000.

8. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

KMG Thorne Riddell

Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Manitoba Properties Inc.

We have examined the balance sheet of Manitoba Properties Inc. as at January 31, 1986 and the statements of income, contributed surplus, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at January 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Winnipeg, Canada
April 30, 1986

Thorne Riddell
Chartered Accountants

MANITOBA PROPERTIES INC.
(Incorporated under the laws of Canada)

BALANCE SHEET AS AT JANUARY 31, 1986

ASSETS	1986	1985
CURRENT ASSETS		
Cash	$ 112,991	$ 45,061
Funds on deposit with the Province of Manitoba		18,912,777
Accounts receivable	3,589,507	2,964,574
Accrued interest receivable		158,524
Prepaid expenses	16,545	8,660
	3,719,043	22,089,596
FIXED ASSETS		
Land	57,940,430	46,844,963
Buildings	854,027,246	486,150,073
	911,967,676	532,995,036
Accumulated depreciation	19,607,251	6,076,875
	892,360,425	526,918,161
FUTURE TAX BENEFITS		299,950
	$ 896,079,468	$ 549,307,707
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 395,703	$ 81,382
Accrued interest payable	1,438,774	1,424,054
	1,834,477	1,505,436
NOTES PAYABLE, Province of Manitoba (note 2)	182,523,002	128,977,631
DEFERRED INCOME TAXES	8,497,287	
	192,854,766	130,483,067
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 3)	399,173,625	219,040,500
CONTRIBUTED SURPLUS (note 4)	129,853,144	
RETAINED EARNINGS	174,197,933	199,784,140
	703,224,702	418,824,640
	$ 896,079,468	$ 549,307,707

Approved by the Board

Director

Director

MANITOBA PROPERTIES INC.

STATEMENT OF INCOME

YEAR ENDED JANUARY 31, 1986

	1986	1985
Revenue		
Rent	$ 39,170,522	$ 17,633,546
Interest	8,543,032	1,589,811
	47,713,554	19,223,357
Expenses		
Administrative	447,660	103,819
Depreciation	13,530,376	6,076,875
Interest on long-term debt	16,781,811	8,372,062
Professional fees	35,943	51,273
	30,795,790	14,604,029
Income before income taxes	16,917,764	4,619,328
Deferred income taxes	8,797,237	2,402,050
NET INCOME	$ 8,120,527	$ 2,217,278

STATEMENT OF CONTRIBUTED SURPLUS

YEAR ENDED JANUARY 31, 1986

	1986	1985
Excess of consideration received over the stated value of the issued common shares	$ 129,853,144	$ 209,246,896
Transferred to retained earnings (note 4)		209,246,896
CONTRIBUTED SURPLUS AT END OF YEAR	$ 129,853,144	$ Nil

MANITOBA PROPERTIES INC.

STATEMENT OF RETAINED EARNINGS

YEAR ENDED JANUARY 31, 1986

	1986	1985
Balance at beginning of year	$ 199,784,140	$ 4,965
Net income	8,120,527	2,217,278
Transfer from contributed surplus (note 4)		209,246,896
	207,904,667	211,469,139
Dividends paid on preferred shares	33,706,734	9,190,580
Share issue costs (less income tax reduction of $2,702,000)		2,494,419
	33,706,734	11,684,999
BALANCE AT END OF YEAR	$ 174,197,933	$ 199,784,140

MANITOBA PROPERTIES INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JANUARY 31, 1986

	1986	1985
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Net income	$ 8,120,527	$ 2,217,278
Items not involving cash		
Depreciation	13,530,376	6,076,875
Deferred income taxes	8,797,237	2,402,050
Change in non-cash operating working capital	(145,253)	(1,622,970)
	30,302,887	9,073,233
FINANCING		
Issue of notes payable	53,545,371	128,977,631
Issue of preferred shares	180,123,125	219,020,000
Issue of common shares	129,863,144	209,266,896
Dividends paid on preferred shares	(33,706,734)	(9,190,580)
Share issue costs		(5,196,419)
	329,824,906	542,877,528
INVESTMENT		
Additions to fixed assets	(378,972,640)	(532,995,036)
INCREASE (DECREASE) IN CASH POSITION	(18,844,847)	18,955,725
CASH POSITION AT BEGINNING OF YEAR	18,957,838	2,113
CASH POSITION AT END OF YEAR	$ 112,991	$ 18,957,838

Cash position is defined as cash and funds on deposit with the Province of Manitoba.

MANITOBA PROPERTIES INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 1986

1. ACCOUNTING POLICY

Fixed assets

Fixed assets are recorded at cost, which is their fair market value at acquisition. Depreciation on the buildings is recorded in the accounts on a straight-line basis over forty years.

2. NOTES PAYABLE, PROVINCE OF MANITOBA

	1986	1985
13% Note payable, interest payable quarterly, due 1994	$ 128,977,631	$ 128,977,631
10 1/2% Demand note payable, interest payable quarterly, no fixed terms of repayment	3,600,000	
10% Note payable, interest payable quarterly, due 1994	49,945,371	
	$ 182,523,002	$ 128,977,631

MANITOBA PROPERTIES INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 1986

3. CAPITAL STOCK

	1986		1985	
	Shares	Amount	Shares	Amount
9 1/4% Cumulative, redeemable, retractable preferred shares				
Balance at beginning of year	8,760,800	$ 219,020,000	8,760,800	$ 219,020,000
Add issued for cash on exercise of warrants	7,204,925	180,123,125		
Balance at end of year	15,965,725	399,143,125	8,760,800	219,020,000
Common shares				
Balance at beginning of year	20,500	20,500	500	500
Add issued as partial consideration for fixed assets acquired, at a stated value of $1 per share	10,000	10,000	20,000	20,000
Balance at end of year	30,500	30,500	20,500	20,500
		$ 399,173,625		$ 219,040,500

Each series A preferred share is retractable for the issue price of $25 per share on June 30, 1989 and is redeemable on the following basis

June 30, 1989 to June 29, 1990	$ 26.00
June 30, 1990 to June 29, 1991	25.80
June 30, 1991 to June 29, 1992	25.60
June 30, 1992 to June 29, 1993	25.40
June 30, 1993 to June 29, 1994	25.20
June 30, 1994 on	25.00

4. CONTRIBUTED SURPLUS

On January 31, 1985 the common shareholders directed that the contributed surplus on hand be transferred to retained earnings.

5. RELATED PARTY TRANSACTIONS

(a) The common shares of the company are owned by two Crown corporations of the Province of Manitoba.

During 1986 the company purchased additional land and buildings, at their fair market value of $378,951,640 from its two shareholder companies. These fixed assets had been acquired by the two shareholder companies from the Province of Manitoba immediately before the purchases at the same price. The following consideration was given for the acquisitions

(i)	note payable, interest at 10%, payable quarterly, due 1994	$ 49,945,371
(ii)	10,000 common shares, stated capital of $1 per share	129,863,144
(iii)	cash	199,143,125
		$ 378,951,640

At January 31, 1986 registered titles to these and other properties were in the process of being transferred to the company. Until registered titles are transferred, the Province of Manitoba is holding the properties for the company pursuant to trust agreements.

(b) The company has entered into lease agreements with the Province of Manitoba. The lease agreements have terms of ninty-nine years and provide for the renegotiation of rental payments every five years. Under the terms of the leases the Province of Manitoba, as tenant, is responsible for all maintenance and replacement cost of the properties.

(c) Excess funds are placed on deposit with the Province of Manitoba. Interest earned on these funds is on the same terms and conditions as the Province offers other depositors through its trust deposit facility.

6. SUBSEQUENT EVENT

On February 14, 1986, the corporation purchased additional land and buildings from its two shareholder companies at their fair market value of $4,641,863 for the following consideration

(i)	note payable, interest at 10%, payable quarterly, due 1994	$ 2,785,121
(ii)	100 common shares, stated capital of $1 per share	1,856,742
		$ 4,641,863

7. COMPARATIVE FIGURES

The 1985 data in the statement of changes in financial position has been reclassified to conform with the change from the working capital to the cash basis of presentation.

KMG Thorne Riddell

Chartered Accountants

AUDITORS' REPORT

To the Shareholder of
Manitoba Properties Leasing Inc.

We have examined the balance sheet of Manitoba Properties Leasing Inc. as at December 31, 1985 and the statements of deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, except that the investment in Manitoba Properties Inc. is not accounted for by the equity method as explained in note 1, applied, after giving retroactive effect to the change in the method of recording the investment in Manitoba Properties Inc. as described in note 2, on a basis consistent with that of the preceding period.

Winnipeg, Canada
April 30, 1986

Thorne Riddell
Chartered Accountants

MANITOBA PROPERTIES LEASING INC.
(Incorporated under the laws of Canada)

BALANCE SHEET AS AT DECEMBER 31, 1985

ASSETS	1985	1984
Cash	$ 1,308	$ 2,235
Investment in Manitoba Properties Inc., a 50% owned company, 10,250 common shares	104,650,948	104,650,948
	$ 104,652,256	$ 104,653,183
LIABILITIES		
Accounts payable	$ 1,000	$ 1,000
SHAREHOLDER'S EQUITY		
Capital stock		
104,635,448 Common shares	104,653,438	104,653,438
Deficit	2,182	1,255
	104,651,256	104,652,183
	$ 104,652,256	$ 104,653,183

Contingent liability (note 3)

Subsequent events (note 4)

Approved by the Board

Director

Director

MANITOBA PROPERTIES LEASING INC.

STATEMENT OF DEFICIT

	Year ended December 31, 1985	From incorporation November 24, 1983 to December 31, 1984
Deficit at beginning of period, as restated (note 2)	$ 1,255	
Administrative costs, being loss for the period	927	$ 1,255
DEFICIT AT END OF PERIOD	$ 2,182	$ 1,255

MANITOBA PROPERTIES LEASING INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31, 1985	From incorporation on November 24, 1983 to December 31, 1984
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Administrative expenses, being loss for the period	$ (927)	$ (1,255)
Change in accounts payable		1,000
	(927)	(255)
FINANCING		
Issue of common shares, for cash		19,990
Issue as partial consideration for purchase of 50% undivided interest in fixed assets		
Note payable		64,488,816
Common shares		104,633,448
Assumption of note payable by Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets		(64,488,816)
		104,653,438
INVESTMENTS		
Purchase of 50% undivided interest in fixed assets	(59,397,117)	(266,497,518)
Acquisition of 10,000 common shares of Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets		(104,633,448)
Acquisition of 250 common shares of Manitoba Properties Inc., for cash		(17,500)
Sale of 50% undivided interest in fixed assets	59,397,117	266,497,518
	Nil	(104,650,948)
INCREASE (DECREASE) IN CASH POSITION	(927)	2,235
CASH POSITION AT BEGINNING OF PERIOD	2,235	
CASH POSITION AT END OF PERIOD	$ 1,308	$ 2,235

MANITOBA PROPERTIES LEASING INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1985

1. ACCOUNTING POLICY

Investment in Manitoba Properties Inc., a 50% owned company

The investment in Manitoba Properties Inc. is recorded by the cost method. Under the cost method, investments are carried at cost and earnings' are reflected only to the extent of dividends received.

The Canadian Institute of Chartered Accountants has recommended that the equity method normally be used to account for investments of this type of investment. However, in this case, the shareholder has access to all pertinent information concerning the resources and results of operations of Manitoba Properties Inc. and has decided to record the investment at cost. As these financial statements have not been prepared for general purposes, some users may require further information.

In all other respects, these financial statements have been prepared in accordance with generally accepted accounting principles.

2. CHANGE IN ACCOUNTING POLICY

In 1985, the company changed its method of accounting for its investment in Manitoba Properties Inc. from the equity method to the cost method. As a result, the deficit at December 31, 1984 has been reduced by $4,893,087 and the 1984 comparative figures have been restated to reflect this change on a retroactive basis.

3. CONTINGENT LIABILITY

The company is contingently liable to the Province of Manitoba for a promissory note assumed by Manitoba Properties Inc. in 1984. The note for the amount of $128,977,631 is due on July 31, 1994.

4. SUBSEQUENT EVENTS

On January 30, 1986 and February 14, 1986 the company purchased a 50% undivided interest in certain land and buildings from the Province of Manitoba. The 50% undivided interest acquired at each date was immediately sold to Manitoba Properties Inc. at the same prices. As a result of these subsequent events, the company acquired an additional 5,050 common shares of Manitoba Properties Inc. for $65,859,943, issued an additional 65,859,943 common shares for $65,859,943 and has become contingently liable for an additional $52,730,492 of notes payable which were assumed by Manitoba Properties Inc.

KMG Thorne Riddell

Chartered Accountants

AUDITORS' REPORT

To the Shareholder of
Manitoba Properties Management Inc.

We have examined the balance sheet of Manitoba Properties Management Inc. as at December 31, 1985 and the statements of deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, except that the investment in Manitoba Properties Inc. is not accounted for by the equity method as explained in note 1, applied, after giving retroactive effect to the change in the method of recording the investment in Manitoba Properties Inc. as described in note 2, on a basis consistent with that of the preceding period.

Thorne Riddell

Winnipeg, Canada
April 30, 1986

Chartered Accountants

MANITOBA PROPERTIES MANAGEMENT INC.

(Incorporated under the laws of Canada)

BALANCE SHEET AS AT DECEMBER 31, 1985

ASSETS	1985	1984
Cash	$ 1,308	$ 2,235
Investment in Manitoba Properties Inc., a 50% owned company, 10,250 common shares	104,650,948	104,650,948
	$ 104,652,256	$ 104,653,183
LIABILITIES		
Accounts payable	$ 1,000	$ 1,000
SHAREHOLDER'S EQUITY		
Capital stock 104,635,448 Common shares	104,653,438	104,653,438
Deficit	2,182	1,255
	104,651,256	104,652,183
	$ 104,652,256	$ 104,653,183

Contingent liability (note 3)

Subsequent events (note 4)

MANITOBA PROPERTIES MANAGEMENT INC.

STATEMENT OF DEFICIT

	Year ended December 31, 1985	From incorporation November 24, 1983 to December 31, 1984
Deficit at beginning of period, as restated (note 2)	$ 1,255	
Administrative costs, being loss for the period	927	$ 1,255
DEFICIT AT END OF PERIOD	$ 2,182	$ 1,255

MANITOBA PROPERTIES MANAGEMENT INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31, 1985	From incorporation on November 24, 1983 to December 31, 1984
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Administrative expenses, being loss for the period	$ (927)	$ (1,255)
Change in accounts payable		1,000
	(927)	(255)
FINANCING		
Issue of common shares, for cash		19,990
Issue as partial consideration for purchase of 50% undivided interest in fixed assets		
Note payable		64,488,816
Common shares		104,633,448
Assumption of note payable by Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets		(64,488,816)
		104,653,438
INVESTMENTS		
Purchase of 50% undivided interest in fixed assets	(59,397,117)	(266,497,518)
Acquisition of 10,000 common shares of Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets		(104,633,448)
Acquisition of 250 common shares of Manitoba Properties Inc., for cash		(17,500)
Sale of 50% undivided interest in fixed assets	59,397,117	266,497,518
	Nil	(104,650,948)
INCREASE (DECREASE) IN CASH POSITION	(927)	2,235
CASH POSITION AT BEGINNING OF PERIOD	2,235	
CASH POSITION AT END OF PERIOD	$ 1,308	$ 2,235

MANITOBA PROPERTIES MANAGEMENT INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1985

1. ACCOUNTING POLICY

Investment in Manitoba Properties Inc., a 50% owned company

The investment in Manitoba Properties Inc. is recorded by the cost method. Under the cost method, investments are carried at cost and earnings are reflected only to the extent of dividends received.

The Canadian Institute of Chartered Accountants has recommended that the equity method normally be used to account for investments of this type of investment. However, in this case, the shareholder has access to all pertinent information concerning the resources and results of operations of Manitoba Properties Inc. and has decided to record the investment at cost. As these financial statements have not been prepared for general purposes, some users may require further information.

In all other respects, these financial statements have been prepared in accordance with generally accepted accounting principles.

2. CHANGE IN ACCOUNTING POLICY

In 1985, the company changed its method of accounting for its investment in Manitoba Properties Inc. from the equity method to the cost method. As a result, the deficit at December 31, 1984 has been reduced by $4,893,087 and the 1984 comparative figures have been restated to reflect this change on a retroactive basis.

3. CONTINGENT LIABILITY

The company is contingently liable to the Province of Manitoba for a promissory note assumed by Manitoba Properties Inc. in 1984. The note for the amount of $128,977,631 is due on July 31, 1994.

4. SUBSEQUENT EVENTS

On January 30, 1986 and February 14, 1986 the company purchased a 50% undivided interest in certain land and buildings from the Province of Manitoba. The 50% undivided interest acquired at each date was immediately sold to Manitoba Properties Inc. at the same prices. As a result of these subsequent events, the company acquired an additional 5,050 common shares of Manitoba Properties Inc. for $65,859,943, issued an additional 65,859,943 common shares for $65,859,943 and has become contingently liable for an additional $52,730,492 of notes payable which were assumed by Manitoba Properties Inc.

Auditors' Report

The Board of Directors,
The Manitoba Public Insurance Corporation.

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1985, and the statements of operations, retained earnings (deficit) and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1985, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Spicer MacGillivray
Chartered Accountants
Winnipeg, Manitoba
January 10, 1986

Statement of Operations - Automobile Insurance Division

For the Year Ended October 31, 1985

(Thousands of $)

	1985	1984
REVENUE		
Premiums Written	$204,127	$195,371
Premiums Earned	$200,733	$189,956
Investment Income	35,324	30,067
Total Earned Revenues	$236,057	$220,023
CLAIMS COSTS		
Claims Incurred	$182,205	$158,930
Claims Expense — Schedule 1	21,733	19,922
	$203,938	$178,852
EXPENSES — Schedule 1		
Administrative	$ 7,313	$ 7,987
Commissions	9,376	8,593
Premium Taxes	6,105	5,746
	$ 22,794	$ 22,326
Total Claims and Expenses	$226,732	$201,178
Net Profit for the Year — Statement 4	$ 9,325	$ 18,845

Statement of Operations - General Insurance Division

For the Year Ended October 31, 1985

(Thousands of $)

	1985	1984
REVENUE		
Premiums Written	$42,424	$32,671
Premiums Earned	$37,807	$31,466
Investment Income	4,083	3,548
Total Earned Revenues	$41,890	$35,014
CLAIMS COSTS		
Claims Incurred	$31,121	$26,191
Claims Expense — Schedule 1	1,410	1,275
	$32,531	$27,466
EXPENSES — Schedule 1		
Administrative	$ 5,164	$ 4,882
Commissions	7,922	6,519
Premium Taxes	1,137	962
	$14,223	$12,363
Total Claims and Expenses	$46,754	$39,829
Net Loss for the Year — Statement 4	$(4,864)	$(4,815)

Balance Sheet As At October 31, 1985

Assets

(Thousands of $)

	1985	1984
Cash and investments maturing within one year (Note 4)	**$ 39,471**	$ 54,154
Accounts receivable (Note 5)	**30,228**	20,334
Prepaid expenses and inventories	**1,034**	960
Deferred premium acquisition costs	**9,515**	7,990
Investments — Schedule 2	**281,755**	240,931
Property and equipment (Note 6)	**11,848**	8,187
Organizational expenses (Note 7)	**4,869**	4,031
	$378,720	$336,587

On Behalf of the Board

N. Sullivan

Chairman

Vice-Chairperson

Liabilities and Retained Earnings (Deficit)

(Thousands of $)

	1985	1984
General accounts payable	$ 2,990	$ 2,482
Provision for accrued charges	15,731	13,017
	$ 18,721	$ 15,499
Automobile Insurance Division		
Accounts payable and accrued charges	$ 5,322	$ 5,143
Unearned premiums	73,155	69,760
Unpaid claims	166,711	147,096
Retained earnings — Statement 4	71,269	61,944
	$316,457	$283,943
General Insurance Division		
Accounts payable and accrued charges	$ 1,056	$ 868
Unearned premiums	15,907	11,290
Unpaid claims	31,946	25,490
(Deficit) — Statement 4	(5,367)	(503)
	$ 43,542	$ 37,145
	$378,720	$336,587

Statement of Retained Earnings (Deficit)

For the Year Ended October 31, 1985

(Thousands of $)

	1985	1984
AUTOMOBILE INSURANCE DIVISION		
Unappropriated retained earnings at the beginning of the year	**$ —**	$ —
Net profit for the year — Statement 1	**9,325**	18,845
Transfer to reserve for catastrophes	**(3,500)**	(10,000)
Transfer to reserve for contingencies	**—**	(1,000)
Transfer to reserve for rate stabilization	**(5,825)**	(7,845)
Unappropriated retained earnings at the end of the year	**$ —**	$ —
Appropriated retained earnings		
Reserve for catastrophes (Note 8)	**$42,000**	$38,500
Reserve for contingencies (Note 8)	**6,000**	6,000
Reserve for rate stabilization (Note 9)	**23,269**	17,444
	$71,269	$61,944
Total retained earnings — Statement 3	**$71,269**	$61,944
GENERAL INSURANCE DIVISION		
(Deficit) unappropriated retained earnings at the beginning of the year	**$ (503)**	$ 312
Net loss for the year — Statement 2	**(4,864)**	(4,815)
Transfer from reserve for catastrophes and contingencies	**—**	4,000
(Deficit) at the end of the year	**$ (5,367)**	$ (503)
Total (deficit) — Statement 3	**$ (5,367)**	$ (503)

Statement of Changes in Financial Position

For the Year Ended October 31, 1985

(Thousands of $)

	1985	1984
RESOURCES PROVIDED		
Net profit for the year — Statement 1 and 2	$ 4,461	$14,030
Adjustments to convert net profit to a cash basis:		
Increase in unearned premiums	8,012	6,618
Increase in unpaid claims	26,071	32,966
Depreciation and amortization	899	840
Increase in accounts receivable, prepaid expenses and inventories and deferred premium acquisition costs	(11,493)	(2,193)
Increase in accounts payable and accrued charges	3,589	2,643
Proceeds from disposal of property and equipment	7	12
	$31,546	$54,916
RESOURCES APPLIED		
Acquisition of property and equipment	$ 4,282	$ 779
Organizational expenses	1,123	777
Net change in resources available for investment	$26,141	$53,360
CHANGE IN RESOURCES		
(Decrease) Increase in cash and short term investments	$(14,683)	$ 6,220
Increase in long term investments	40,824	47,140
	$26,141	$53,360

Schedule of Expenses Incurred

For the Year Ended October 31, 1985

(Thousands of $)

	1985	1984
Amortization of organizational expenses	$ 285	$ 285
Commissions	17,298	15,112
Data processing	1,452	1,670
Depreciation and amortization	614	555
Employee travel and sustenance allowance	511	501
Grants in lieu of taxes	481	473
Health and education tax	376	351
Premium taxes	7,241	6,708
Rent	1,373	1,278
Salaries and employee benefits	27,096	25,479
Other administrative expenses	3,433	3,474
Total expenses incurred	$60,160	$55,886
Allocation:		
Automobile Insurance Division — Statement 1		
Claims expense	$21,733	$19,922
Administrative expense	7,313	7,987
Commissions	9,376	8,593
Premium Taxes	6,105	5,746
	$44,527	$42,248
General Insurance Division — Statement 2		
Claims expense	$ 1,410	$ 1,275
Administrative expense	5,164	4,882
Commissions	7,922	6,519
Premium Taxes	1,137	962
	$15,633	$13,638
Total	$60,160	$55,886

Schedule of Investments AS AT OCTOBER 31, 1985

Description of Securities	Par Value	Book Value
Federal:		
Government of Canada	$ 15,000,000	$ 14,843,000
Provincial:		
Province of Manitoba	$ 97,090,000	$ 96,610,000
Manitoba Hydro-Electric Board	24,502,000	23,032,000
Manitoba Telephone System	22,449,000	21,914,000
Ontario Hydro-Electric Commission	28,500,000	25,154,000
	$172,541,000	$166,710,000
Hospitals:		
Arborg and Districts Health Centre	$ 2,108,000	$ 2,108,000
Baldur Hospital District	165,000	165,000
Brandon General Hospital	1,674,000	1,661,000
Boissevain Hospital District	680,000	680,000
Boyne Valley Hostel Corporation	912,000	912,000
Carman Memorial Hospital District No. 20	3,139,000	3,139,000
Dauphin General Hospital	45,000	45,000
Deloraine Hospital District No. 14	510,000	510,000
The De Salaberry Hospital District No. 27A	165,000	165,000
Flin Flon General Hospital	540,000	540,000
Gimli Hospital District #39	400,000	400,000
Grace General Hospital	789,000	643,000
Hamiota Hospital District #7A	70,000	70,000
Health Sciences Centre	1,682,000	1,610,000
Hunter Memorial Hospital District #33	1,050,000	1,050,000
Lakeshore District Health System Inc.	2,573,000	2,573,000
Lynn Lake Hospital District	92,000	92,000
MacGregor Personal Care Home	88,000	88,000
Manitoba Hospital Capital Financing Authority	3,691,000	3,691,000
Minnedosa Hospital District #8	35,000	35,000
Misericordia General Hospital	490,000	490,000
Morden Hospital District #21	529,000	529,000
Neepawa Hospital District #9	279,000	279,000
Park Manor Personal Care Home Inc.	114,000	114,000
Pine Falls General Hospital	225,000	225,000
Portage Hospital District #18	450,000	450,000
Red River Valley Health District	389,000	389,000
Roblin Health Centre District	704,000	704,000
Rossburn Personal Care Home Inc.	319,000	319,000
Russell Hospital District #8	360,000	360,000
St. Anthony's General Hospital — The Pas	540,000	540,000
St. Boniface General Hospital	40,000	34,000
Ste. Anne Hospital District No. 26A	1,745,000	1,745,000
Ste. Rose General Hospital	426,000	426,000
Seven Oaks General Hospital	2,630,000	2,145,000
Steinbach Hospital District #27	78,000	65,000
Swan River Hospital District #1	365,000	365,000

Schedule of Investments AS AT OCTOBER 31, 1985, CONTINUED

Description of Securities	Par Value	Book Value
Hospitals:		
Thompson General Hospital	1,285,000	1,262,000
Tri-Lake Hospital District #15	42,000	42,000
Victoria General Hospital	2,564,000	2,551,000
Victoria South Norfolk-Treherne Hospital District #19	178,000	177,000
Winkler General Hospital	60,000	52,000
Winkler Hospital District No. 23	380,000	380,000
Winnipeg General Hospital	78,000	67,000
Winnipegosis General Hospital Inc.	160,000	160,000
Baldur Manor	293,000	293,000
Betel Home Foundation — Gimli	110,000	110,000
Betel Home Foundation — Selkirk	365,000	365,000
Bethania Mennonite Personal Care Home Inc.	55,000	55,000
Birtle Health Services District	435,000	435,000
Birtle Personal Care Home Inc.	20,000	20,000
B.M.W. Health Facilities Inc.	30,000	30,000
Dauphin Personal Care Home Inc.	345,000	345,000
Ebenezer Home For The Aged	493,000	493,000
Fairview Home Inc.	45,000	45,000
Flin Flon Personal Care Home Corp.	900,000	900,000
Goodwin Lodge Inc.	85,000	85,000
Holy Family Nursing Home — Sister Servants of Mary Immaculate	705,000	705,000
Lorne Memorial Medical Nursing Unit No. 19C	130,000	130,000
McCreary/Alonsa Health Centre	5,000	5,000
McCreary/Alonsa Personal Care Home Inc.	105,000	105,000
Manitoba Baptist Home Society Inc.	25,000	25,000
Manoir De Ste. Claude	152,000	152,000
Mount Carmel Clinic	1,824,000	1,824,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	281,000	281,000
Odd Fellows and Rebekahs Personal Care Home Inc.	235,000	235,000
Pinaow Wachi Inc.	170,000	170,000
Portage la Prairie Lions Care Hostel Inc.	105,000	105,000
Red River Valley Lodge Inc. — Emerson	20,000	20,000
Riverdale Health Services District	149,000	149,000
Riverdale Personal Care Home	132,000	132,000
Rock Lake Health District	895,000	895,000
Rock Lake Personal Care Home Inc.	220,000	220,000
Rosewood Lodge Inc.	48,000	48,000
Rossburn District Health Centre	635,000	635,000
St. Joseph's Residence	735,000	735,000
Shoal Lake/Strathclair Health Centre	134,000	134,000
Sister Servants of Mary Immaculate — St. Paul's Home	52,000	52,000
Snow Lake Medical Nursing Unit District #40	635,000	635,000
Stonewall & District Health Centre	231,000	231,000
Swan River Valley Lodge	20,000	20,000

Schedule of Investments AS AT OCTOBER 31, 1985, CONTINUED

Description of Securities	Par Value	Book Value
Hospitals:		
Tabor Senior Citizens Home Inc.	596,000	596,000
Tache Nursing Centre	840,000	840,000
The Pas Health Complex Inc. — St. Paul's Residence	375,000	375,000
The Pas Health Complex Inc. — St. Anthony's General Hospital	515,000	515,000
Tiger Hills Manor Inc.	8,000	8,000
Third Crossing Manor Inc.	96,000	96,000
Wawanesa & District Health Centre	39,000	39,000
Wawanesa Personal Care Home	245,000	245,000
Winnipeg Presbytery Society For Senior Citizens Homes In Winnipeg	60,000	60,000
Winnipegosis-Mossy River Personal Care Home Inc.	342,000	342,000
Whitemouth Medical Nursing Unit District #29A	190,000	190,000
	$ 48,963,000	$ 48,172,000
Schools:		
The Agassiz School Division #13	$ 953,000	$ 953,000
Antler River School Division No. 43	112,000	112,000
Assiniboine South School Division No. 3	260,000	260,000
Beautiful Plains School Division No. 31	57,000	57,000
Brandon School Division #40	778,000	778,000
Churchill School Division No. 2264	49,000	49,000
Dauphin-Ochre School Area #1	1,674,000	1,674,000
Duck Mountain School Division #34	493,000	493,000
Flin Flon School Division #46	602,000	602,000
Fort Garry School Division No. 5	511,000	511,000
Frontier School Division No. 48	156,000	156,000
Garden Valley School Division No. 26	2,215,000	2,215,000
Hanover School Division #15	192,000	192,000
Interlake School Division #21	656,000	656,000
Lakeshore School Division No. 23	336,000	336,000
Leaf Rapids School Division #2460	240,000	240,000
Lord Selkirk School Division No. 11	361,000	361,000
Morris-MacDonald School Division No. 19	288,000	288,000
Mystery Lake School Division No. 2355	1,533,000	1,533,000
Norwood School Division No. 8	68,000	68,000
Portage la Prairie School Division #24	1,298,000	1,298,000
Rhineland School Division #18	196,000	196,000
River East School Division #9	758,000	758,000
Rolling River School Division #39	340,000	340,000
St. James-Assiniboine School Division #2	308,000	308,000
St. Vital School Division #6	1,838,000	1,838,000
Seine River School Division #14	1,661,000	1,661,000
Seven Oaks School Division #10	217,000	217,000
South Winnipeg Technical Centre	887,000	887,000
South Winnipeg Vocational Education Centre	978,000	978,000
Swan Valley School Division #35	113,000	113,000

Schedule of Investments AS AT OCTOBER 31, 1985, CONTINUED

Description of Securities	Par Value	Book Value
Schools:		
Tiger Hills School Division #29	128,000	128,000
Transcona School Division #12	247,000	247,000
Western School Division #47	114,000	114,000
Winnipeg School Division No. 1	2,090,000	2,090,000
The White Horse Plain School Division #20	603,000	603,000
	$ 23,310,000	$ 23,310,000
Municipal:		
City of Brandon	$ 1,712,000	$ 1,609,000
City of Flin Flon	1,763,000	1,763,000
City of Portage la Prairie	3,723,000	3,691,000
City of St. Vital	65,000	58,000
City of Transcona	208,000	187,000
City of Winnipeg	5,008,000	4,735,000
Fort Garry Municipality Local Improvements	2,000	2,000
Metro Corp. of Greater Winnipeg	497,000	403,000
Town of Altona	543,000	543,000
Town of Birtle	68,000	67,000
Town of Boissevain	26,000	24,000
Town of Brandon	96,000	94,000
Town of Carman	493,000	493,000
Town of Dauphin	254,000	254,000
Town of Deloraine	564,000	564,000
Town of Emerson	316,000	316,000
Town of Gimli	33,000	33,000
Town of Gladstone	254,000	254,000
Town of Grandview	286,000	286,000
Town of Hartney	10,000	9,000
Town of Killarney	294,000	294,000
Town of Melita	343,000	343,000
Town of Minnedosa	235,000	225,000
Town of Morden	425,000	425,000
Town of Morris	256,000	256,000
Town of Neepawa	445,000	445,000
Town of Rapid City	108,000	108,000
Town of Rivers	55,000	49,000
Town of Roblin	218,000	216,000
Town of Russell	198,000	198,000
Town of Selkirk	510,000	507,000
Town of Snow Lake	91,000	91,000
Town of Steinbach	1,606,000	1,587,000
Town of Stonewall	270,000	270,000
Town of Swan River	510,000	510,000
Town of The Pas	22,000	21,000
Town of Tuxedo	90,000	82,000
Town of Virden	228,000	228,000
Town of Winkler	173,000	172,000

Schedule of Investments AS AT OCTOBER 31, 1985, CONTINUED

Description of Securities	Par Value	Book Value
Municipal:		
Town of Winnipeg Beach	58,000	58,000
Village of Arborg	79,000	79,000
Village of Benito	41,000	41,000
Village of Binscarth	75,000	75,000
Village of Ethelbert	12,000	12,000
Village of Glenboro	9,000	8,000
Village of Gretna	22,000	22,000
Village of Hamiota	27,000	27,000
Village of Lac du Bonnet	153,000	153,000
Village of MacGregor	100,000	100,000
Village of Manitou	131,000	131,000
Village of Pilot Mound	108,000	108,000
Village of Riverton	8,000	8,000
Village of Rossburn	51,000	51,000
Village of Shoal Lake	178,000	178,000
Village of Somerset	40,000	40,000
Village of Ste. Anne	7,000	7,000
Village of St. Pierre-Jolys	277,000	277,000
Village of Teulon	39,000	39,000
Village of Winnipegosis	62,000	62,000
Rural Municipality of Albert	5,000	5,000
Rural Municipality of Argyle	37,000	37,000
Rural Municipality of Brenda	51,000	51,000
Rural Municipality of Brokenhead	239,000	239,000
Rural Municipality of Cartier	10,000	10,000
Rural Municipality of Charleswood	28,000	25,000
Rural Municipality of Edward	142,000	142,000
Rural Municipality of Hanover	239,000	239,000
Rural Municipality of La Broquerie	24,000	24,000
Rural Municipality of MacDonald	367,000	367,000
Rural Municipality of Montcalm	177,000	177,000
Rural Municipality of Morris	575,000	575,000
Rural Municipality of Morton	8,000	8,000
Rural Municipality of North Norfolk	145,000	145,000
Rural Municipality of Ritchot	421,000	421,000
Rural Municipality of Rockwood	121,000	121,000
Rural Municipality of Roland	119,000	119,000
Rural Municipality of Ste. Rose	19,000	19,000
Rural Municipality of Siglunes	149,000	149,000
Rural Municipality of Springfield	27,000	27,000
Rural Municipality of Strathcona	8,000	8,000
Rural Municipality of Tache	24,000	24,000
Rural Municipality of Thompson	39,000	39,000
Rural Municipality of Victoria Beach	37,000	36,000
Rural Municipality of Whitewater	23,000	23,000
Local Government District of Consol	385,000	385,000
Local Government District of Leaf Rapids	2,417,000	2,417,000
	$ 29,311,000	$ 28,720,000
	$289,125,000	$281,755,000

Notes to the Financial Statements

OCTOBER 31, 1985

1. *Status of the Corporation.*

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180, of the continuing consolidation of the statutes of Manitoba).

Under the provisions of its Act, the Corporation conducts a comprehensive automobile program and general insurance business. For financial accounting purposes the automobile and general insurance divisions are regarded as separate operations.

2. *Basis of Reporting.*

The financial statements of the Corporation are in such form as prescribed by Section 37(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. *Summary of Significant Accounting Policies.*

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs.

Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments.

Bonds and debentures are carried at cost plus accumulated amortization of discounts and premiums. The applicable discounts and premiums are amortized over the life of the investment.

Depreciation and Amortization.

Depreciation and amortization is provided on a straight-line basis at rates which will amortize the original cost over the estimated useful life of each asset. The annual rates are:

Buildings	2.5%
Organizational expenses	5.0%
Equipment	10.0%
Data processing equipment	20.0%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Pension Plan.

The employees of the Corporation are subject to the Civil Service Superannuation Act and it is the policy of the Corporation to provide for the employer's future pension liability which is fully funded on an indexed basis.

Unearned Premiums.

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Unpaid Claims.

Unpaid claims include a provision for reported unpaid claims, an estimate for unreported claims and a provision for future claims adjusting costs for reported and unreported claims.

Investment Income.

The investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Notes to the Financial Statements
CONTINUED

Expenses.
The Corporation allocates expenses incurred to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is impractical, expenses are allocated to each division based on a proration approved by the Corporation's Board of Directors.

4. a) *Cash and Investments Maturing Within One Year.*

	1985	1984
	(Thousands of $)	
Cash and Investment Certificates	**$32,388**	$48,023
Bonds and Debentures	**7,083**	6,131
	$39,471	$54,154

b) As at October 31, 1985 the Corporation has committed $125,000 (1984 - $16.0 million) for the purchase of various Manitoba long term securities.

5. *Accounts Receivable.*

	1985		1984	
	Subrogation	Other	Subrogation	Other
	(Thousands of $)			
Accounts receivable	$ 8,355	$27,309	$ 6,815	$17,668
Less allowance for doubtful accounts	4,988	448	3,887	262
	$ 3,367	$26,861	$ 2,928	$17,406

6. *Property and Equipment.*
The cost of major classes of property and equipment and the related accumulated depreciation and amortization are:

	Cost	Accumulated Depreciation and Amortization	Net Book Value	
			1985	1984
	(Thousands of $)			
Land	$ 2,262	$ —	$ 2,262	$ 1,635
Buildings	8,946	1,394	7,552	4,624
Equipment	3,103	1,764	1,339	1,140
	$14,311	$ 3,158	$11,153	$ 7,399
Leasehold improvements	1,342	647	695	788
	$15,653	$ 3,805	$11,848	$ 8,187

7. *Organizational Expenses.*

	Cost	Accumulated Amortization	Net Book Value	
			1985	1984
	(Thousands of $)			
Automobile insurance division	$4,709	$3,060	$1,649	$1,884
General insurance division	3,718	498	3,220	2,147
	$8,427	$3,558	$4,869	$4,031

During the 1983 fiscal year the Corporation initiated a major project for the re-development of the general insurance system. The cost of this project is being capitalized and will be amortized at the straight-line rate of 5% per annum when the new system is operational.

8. *Reserves for Catastrophes and Contingencies.*
These reserves will assist in protecting the Corporation against future catastrophic losses and unforeseen events that may arise.

9. *Reserve for Rate Stabilization.*
This reserve may be utilized to offset increases in insurance rates or for providing increased benefits under the automobile plan.

Manitoba

THE MANITOBA RESEARCH COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Manitoba Research Council for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Research Council as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, except for the change in the method of accounting for advances on contracts as described in note 3 to the financial statements, on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

December 1, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA RESEARCH COUNCIL

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Current:		
Cash	$ 5,500	$ 5,500
Funds on deposit with the Minister of Finance:		
Trust accounts	815,704	1,190,896
Term deposit	839,595	63,113
	1,655,299	1,254,009
Accounts receivable (Note 4)	635,312	958,016
	2,296,111	2,217,525
Fixed: at cost (Note 2 and 5)	6,915,111	7,512,115
	$ 9,211,222	$ 9,729,640
LIABILITIES		
Current:		
Accounts payable	$ 427,611	$ 578,830
Advances on contracts (Note 3)	98,876	-
	526,487	578,830
Loan payable (Note 7)	98,752	106,061
Investment in fixed assets, (Note 2)	6,915,111	7,512,115
Unexpended funds, Exhibit B	1,670,872	1,532,634
	$ 9,211,222	$ 9,729,640

Exhibit B

THE MANITOBA RESEARCH COUNCIL

Statement of Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Grants from the Government of the Province of Manitoba	$ 3,063,799	$ 3,130,399
Contracts	2,295,491	2,927,210
Interest	35,600	5,113
Other	-	4,750
Total revenue	5,394,890	6,067,472
Expenditure, Schedule 1:		
Operating	4,622,043	4,645,274
Capital	634,609	1,914,130
Contracts	-	160,154
Total expenditure	5,256,652	6,719,558
Excess of revenue over expenditure	138,238	(652,086)
Balance of unexpended funds at beginning of year	1,532,634	2,184,720
Unexpended funds at end of year	$ 1,670,872	$ 1,532,634

Schedule 1

THE MANITOBA RESEARCH COUNCIL

Schedule of Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Expenditures:		
Operating: (Note 6)		
Advertising and promotion	$ 24,080	$ 19,051
Bad debt expense	143,617	94,915
Building maintenance and repair	51,146	64,533
Computer related expenses	152,530	173,638
Equipment-rentals, maintenance and repair	36,206	22,893
Fees-memberships, seminars, customs and audit	83,435	51,743
Heating, utilities and taxes	136,042	123,626
Laboratory supplies	224,572	359,114
Library - consultants and publications	125,513	106,629
Postage and telephone	82,439	119,593
Printing and stationery supplies	59,683	47,520
Purchased testing services	173,576	237,135
Real estate rental	176,388	172,187
Salaries and employee benefits	2,992,083	2,867,530
Staff transfer and relocation costs	8,946	28,363
Travel and transportation	136,828	140,860
Interest expense	14,959	15,944
	4,622,043	4,645,274
Capital: (Note 5)		
Equipment and furnishings	554,677	1,570,943
Buildings	80,000	317,825
Building - other	-	14,228
Leasehold improvements	(68)	11,134
	634,609	1,914,130
Contracts:		
Industrial Applications of Microelectronics Inc.	-	100,000
University of Manitoba - Dr. Sehon	-	60,154
	-	160,154
Total expenditures, Exhibit B	$ 5,256,652	$ 6,719,558

THE MANITOBA RESEARCH COUNCIL

Notes to Financial Statements
for the year ended March 31, 1986

1. Nature of Operations

The Manitoba Research Council was established in 1963 with the following objectives:

a) to promote and carry on research and scientific enquiries respecting agriculture, natural resources, industry or other segments of the economy of the province; and

b) to secure for Manitoba the benefits of research and scientific enquiries carried on elsewhere.

The Manitoba Research Council operates two laboratory facilities, the Canadian Food Products Development Centre in Portage la Prairie and the Industrial Technology Centre in Winnipeg.

2. Significant Accounting Policies

These statements are prepared on an accrual basis of accounting except:

a) Contract revenue is recognized when billed. Billings are made as work is completed during the project.

b) Fixed assets are charged to operating expenditures in the year of acquisition.

Fixed assets are then capitalized at cost with a corresponding amount being reflected in "Investment in Fixed Assets". (Note 5)

3. Change in Accounting Policy - Advances on Contracts

Effective April 1, 1985 the Council changed its accounting policy for contract revenue to that described in Note 2.a). Previously, advances on contracts were recorded as contract revenue when received. This change has been applied prospectively and prior year comparative figures have not been restated. The effect of this change is to decrease the excess of revenue over expenditure by $98,876 for the year ended March 31, 1986.

THE MANITOBA RESEARCH COUNCIL

Notes to Financial Statements
for the year ended March 31, 1986

4. **Accounts Receivable**

	1986	1985
Canadian Food Products Development Centre		
Trade:		
Government of the Province of Manitoba	$ 33,200	$ -
Government of Canada	2,500	55,345
Other	196,812	130,478
	232,512	185,823
Less: Allowance for doubtful accounts	74,672	20,225
Total	157,840	165,598
Industrial Technology Centre		
Trade:		
Government of the Province of Manitoba	5,200	125,216
Government of Canada	67,911	81,019
Other	588,705	694,070
	661,816	900,305
Less: Allowance for doubtful accounts	184,344	107,887
Total	477,472	792,418
Accounts receivable, Exhibit A	$ 635,312	$ 958,016

THE MANITOBA RESEARCH COUNCIL

Notes to Financial Statements for the year ended March 31, 1986

5. Fixed Assets

	Balance March 31, 1985	Acquisitions	Deletions	Balance March 31, 1986
Canadian Food Products Development Centre				
Building	$ 1,177,321	$ -	$ 1,177,321	$ -
Equipment	1,373,151	218,496	-	1,591,647
Furniture and fixtures	59,661	-	-	59,661
Land	25,000	-	25,000	-
	2,635,133	218,496	1,202,321	1,651,308
Industrial Technology Centre				
Automobiles	$ 30,000	$ -	$ -	$ 30,000
Building	-	80,000	-	80,000
Equipment	4,155,247	327,576	29,292	4,453,531
Furniture and fixtures	299,702	8,605	-	308,307
Leasehold improvements	392,033	(68)	-	391,965
	4,876,982	416,113	29,292	5,263,803
	$ 7,512,115	$ 634,609	$ 1,231,613	$ 6,915,111

During the year, the building and associated land owned by the Manitoba Research Council for the Canadian Food Products Development Centre facility were transferred to Manitoba Properties Inc. The Council retains the use of these buildings and continues to pay the related operating costs exclusive of rent which is paid from an appropriation of the Government of the Province of Manitoba. This transfer has been reflected by a reduction in fixed assets and investment in fixed assets of $1,202,321.

THE MANITOBA RESEARCH COUNCIL

Notes to Financial Statements
for the year ended March 31, 1986

6. Administrative Expenditures

The Department of Industry, Trade and Technology incurs certain general and administrative expenses on behalf of the Council. The related costs of this service are not charged to the Council and are not reflected in these financial statements.

7. Loan Payable

During fiscal year 1983/84, certain improvements were made to the facilities of the Industrial Technology Centre at a cost of $117,000. The cost was financed by way of a loan repayable over ten years in equal monthly installments of $1,855.63 including principal and interest. As at March 31, 1986, the outstanding loan principle amounts to $98,752.

8. Comparative Figures

Comparative figures for the year ended March 31, 1985, have been restated to conform with the presentation adopted for the year ended March 31, 1986.

THE MANITOBA TELEPHONE SYSTEM

ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT

To the Board of Commissioners of

The Manitoba Telephone System:

We have examined the balance sheets of THE MANITOBA TELEPHONE SYSTEM (a Manitoba corporation) as at March 31, 1986 and 1985 and the related statements of operations and reinvested earnings and changes in cash position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1986 and 1985 and the results of its operations and changes in its cash position for the years then ended in accordance with the basis of accounting described in note 1(a) applied on a consistent basis.

Arthur Andersen & Co.

Chartered Accountants

Winnipeg, Canada
January 24, 1987

THE MANITOBA TELEPHONE SYSTEM

BALANCE SHEETS MARCH 31, 1986 AND 1985

ASSETS

	1986	1985
	(in thousands of dollars)	
TELECOMMUNICATIONS PROPERTY		
Buildings, plant and equipment	**$1,188,459**	$1,081,618
Less accumulated depreciation	**571,517**	501,892
	616,942	579,726
Land	**5,870**	5,767
Materials and supplies, at cost	**15,456**	11,040
Plant under construction	**48,149**	33,846
	686,417	630,379
INVESTMENTS (note 2)	**999**	9,055
INVESTMENT FUND (notes 9 and 12)	**70,250**	45,430
CURRENT ASSETS		
Cash	—	536
Temporary cash investments	**7,482**	9,502
Accounts receivable	**44,261**	38,303
Prepayments	**4,654**	4,354
	56,397	52,695
DEFERRED CHARGES		
Unrealized foreign currency losses, net of amortization	**30,230**	11,438
Unamortized long-term debt expenses	**4,202**	2,588
Preliminary engineering and miscellaneous	**3,186**	2,714
Deferred employee benefit costs, net of amortization	**2,493**	2,909
	40,111	19,649
	$ 854,174	$ 757,208

Approved on behalf of the Board

Jean W. Edmonds

Chairperson

Commissioner

The accompanying notes are an integral part of these balance sheets

THE MANITOBA TELEPHONE SYSTEM

BALANCE SHEETS — MARCH 31, 1986 AND 1985

LIABILITIES AND REINVESTED EARNINGS

	1986	1985
	(in thousands of dollars)	
DEBT		
Long-term debt (note 10)	**$690,151**	$557,915
Less sinking fund investments, at cost	**52,488**	49,332
	637,663	508,583
Notes payable	**5,000**	31,225
	642,663	539,808
REINVESTED EARNINGS	**87,554**	115,702
DEFERRED EMPLOYEE BENEFITS (note 12)	**46,191**	33,100
CURRENT LIABILITIES		
Outstanding cheques less cash in bank	**1,505**	—
Accounts payable and accrued liabilities	**43,078**	47,029
Advance billings and payments	**3,791**	3,309
Accrued interest	**18,827**	18,260
Provision for loss on wind down of subsidiary (note 3)	**10,565**	—
	77,766	68,598
COMMITMENTS (note 11)		
CONTINGENCIES (note 3)		
	$854,174	$757,208

THE MANITOBA TELEPHONE SYSTEM

STATEMENTS OF OPERATIONS AND REINVESTED EARNINGS FOR THE YEARS ENDED MARCH 31, 1986 AND 1985

	1986	1985
	(in thousands of dollars)	
OPERATING REVENUES		
Long distance service	**$197,616**	$185,332
Local service	**127,214**	118,323
Miscellaneous (note 5)	**26,443**	24,103
Less uncollectible operating revenues	**(1,891)**	(1,428)
	349,382	326,330
OPERATING EXPENSES		
Maintenance	**61,479**	56,605
Depreciation	**98,517**	90,462
Traffic	**16,320**	15,431
Commercial and marketing	**31,426**	31,045
General and administration (note 12)	**67,174**	64,109
Operating taxes (note 6)	**8,000**	7,791
	282,916	265,443
NET OPERATING REVENUES	**66,466**	60,887
OTHER REVENUES (note 7)	**17,231**	15,283
NET REVENUES BEFORE DEBT CHARGES	**83,697**	76,170
DEBT CHARGES (note 8)	**84,735**	60,978
NET (LOSS)/REVENUES BEFORE EXTRAORDINARY ITEM	**(1,038)**	15,192
EXTRAORDINARY ITEM (note 3)	**(27,110)**	—
NET (LOSS)/REVENUES FOR THE YEAR	**(28,148)**	15,192
REINVESTED EARNINGS, AT BEGINNING OF YEAR	**115,702**	100,510
REINVESTED EARNINGS, AT END OF YEAR	**$ 87,554**	$115,702

The accompanying notes are an integral part of these statements.

THE MANITOBA TELEPHONE SYSTEM

STATEMENTS OF CHANGES IN CASH POSITION FOR THE YEARS ENDED MARCH 31, 1986 AND 1985

	1986	1985 (note 14)
	(in thousands of dollars)	
SOURCES OF CASH		
Operations		
Net (loss)/income	**$(28,148)**	$ 15,192
Cash provided by changes in working capital (note 13)	**1,405**	13,848
Add: Depreciation and other items not requiring cash (net)	**143,075**	104,365
	116,332	133,405
Long-term debt	**160,655**	—
Notes payable	**5,000**	31,225
Investment fund withdrawals	**4,185**	1,529
Total cash provided	**286,172**	166,159
APPLICATIONS OF CASH		
Repayment of bonds and advances	**66,352**	32,554
Less payment from sinking fund	**4,286**	4,800
	62,066	27,754
Construction program expenditures (net)	**151,074**	108,813
Contribution to sinking fund	**7,441**	7,387
Contribution to investment fund	**29,005**	14,778
Payments toward deferred employee benefits	**645**	667
Repayment of notes payable	**31,225**	5,000
Increase in investments	**8,777**	4,966
Repayment of mortgage payable	**—**	2,462
Total cash applied	**290,233**	171,827
DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	**(4,061)**	(5,668)
BALANCE, AT BEGINNING OF YEAR	**10,038**	15,706
BALANCE, AT END OF YEAR	**$ 5,977**	$ 10,038

The accompanying notes are an integral part of these statements.

THE MANITOBA TELEPHONE SYSTEM

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1986 AND 1985

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles, except for the accounting for pension costs as set out in Note 12. The system of accounts and practices are similar to those used by other Telecom Canada members.

(b) Basis of Presentation

The investment in the wholly-owned subsidiary, MTX Telecom Services Inc., has been accounted for by the equity method (see Notes 2 and 3) as presenting consolidated financial statements of The Manitoba Telephone System (the "System") would not provide the most informative presentation.

(c) Telecommunications Property

Telecommunications Property is recorded at original cost including materials, direct labour and overhead costs which vary with the level of construction. In addition, the System includes the cost of funds used to finance the construction, based on the duration of the projects.

(d) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of telecommunications property by applying rates which are based on a continuing program of engineering studies.

When depreciable telephone property is retired, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation.

(e) Translation of Foreign Currencies

Foreign currencies have been translated into Canadian funds at rates of exchange on the following basis:

i) long-term debt at rates prevailing at year end;
ii) accrued interest at rates prevailing at year end;
iii) debt charges at rates prevailing at the date of each transaction.

The unrealized loss resulting from the policy of using rates prevailing at March 31 is being amortized over the remaining term of the debt.

(f) Deferred Employee Benefits

The deferred employee benefit liability represents a sick leave vesting (SLV) plan and pension provisions as outlined in Note 12. The initial cost of the SLV plan, which became effective June 1, 1977, is being amortized on a straight-line basis over fifteen years. The annual sick leave entitlements subsequent to June 1, 1977 are being accrued and charged to expense in the year to which they relate. Payments to employees on termination are being charged to the deferred liability.

2. INVESTMENTS

	1986	1985
	(in thousands of dollars)	
MTX Telecom Services Inc. (See Note 3)	$ —	$ 8,056
Telesat Canada 99,900 common shares, at cost	999	999
	$ 999	$ 9,055

3. EXTRAORDINARY ITEM

Subsequent to the end of the fiscal year, the Government of the Province of Manitoba commissioned a management audit of the activities of MTX Telecom Services Inc. (MTX), a wholly-owned subsidiary of the System. As a result of the audit, MTX will be wound down. The investment in MTX has been written off to reflect the write down in assets of MTX, the losses incurred during the period subsequent to March 31, 1986 and the costs of winding down the operation of MTX.

Following is a brief summary of the financial statements of MTX Telecom Services Inc. for the years ended March 31, 1986 and 1985.

	1986	1985
	(in thousands of dollars)	
Sales	$ 7,953	$ 8,808
Cost of sales	7,325	8,637
Gross profit	628	171
Operating expenses	753	369
Operating loss	(125)	(198)
Foreign exchange transaction gains	36	116
Interest income (expense), net	73	(56)
Loss from investment	(271)	(113)
Loss before extraordinary items	(287)	(251)
Extraordinary items:		
Assets written off	(20,490)	—
Provision for royalty fees	(420)	—
Provision for losses and costs in connection with the winding down of MTX	(6,200)	—
	(27,110)	—
Net loss	$(27,397)	$ (251)
Total assets	$ 2,439	$ 9,011
Total liabilities	22,480	7,735
Shareholder's (Deficit) Equity	$(20,041)	$1,276

The effect of the wind down of MTX on the financial position of MTS is:

Loss on MTX, March 31, 1986		$21,197
Write off of investment	$ 7,355	
Write off of receivable	9,477	16,832
Accrued loss, March 31, 1986		4,365
Estimated loss to March 31, 1987		6,200
Provision for loss on wind down		$10,565

In addition, contingencies may arise as MTX proceeds with the wind down of its operations. The nature and magnitude of such contingencies, if any, is not determinable at this time.

4. RELATED PARTY TRANSACTIONS

During the years ending March 31, 1986 and 1985, there were the following intercompany transactions with its subsidiary, MTX Telecom Services Inc.

	1986	1985
	(in thousands of dollars)	
a) Administration fee and other charges by the System for rent, accounting and other administration services	$ 135	$ 144
b) Sales of surplus equipment, and support staff provided to MTX Telecom Services Inc. by the System	$ 1,503	$ 1,018
c) Interest charged by the System on notes and advances to MTX Telecom Services Inc.	$ 859	$ 545

5. MISCELLANEOUS OPERATING REVENUES

	1986	1985
	(in thousands of dollars)	
Miscellaneous operating revenues includes:		
Directory advertising	$18,588	$16,899
Rentals and attachments	5,547	5,041
Other	2,308	2,163
	$26,443	$24,103

6. OPERATING TAXES

This category represents grants to municipalities in lieu of property taxes, the System's portion of Canada Pension Plan and Unemployment Insurance, the Health and Education Levy and general levies.

7. OTHER REVENUES

	1986	1985
	(in thousands of dollars)	
This group of revenues includes:		
Interest earned on investments	$12,917	$10,451
Surcharge on overdue accounts	1,675	1,311
Interest charged to construction	1,539	1,196
Net recoveries from foreign contracts	102	118
Miscellaneous, net	998	2,207
	$17,231	$15,283

8. DEBT CHARGES

	1986	1985
	(in thousands of dollars)	
Debt charges includes:		
Interest on long-term debt	$65,485	$59,101
Amortization of unrealized foreign currency losses	17,223	92
Amortization of long-term debt expenses	815	728
Other interest expense and debt charges	1,212	1,057
	$84,735	$60,978

9. INVESTMENT FUND

During the year the Board of Commissioners approved contributions to the fund of $29,005,000 and withdrawals from the fund of $4,185,000. The fund is comprised of short-term investments held in trust by the Minister of Finance of the Province of Manitoba. Interest on the fund is recorded as income in the period it is earned.

10. LONG-TERM DEBT

	1986			1985
	Outstanding at rates prevailing March 31, 1986	Foreign Exchange adjustment Note 1(e)	Outstanding at rates prevailing when debt incurred	Outstanding at rates prevailing when debt incurred
	(in thousands of dollars)			
Province of Manitoba Advances				
Series 10E, 9¼%, due December 9, 1985 (26.3 million Units of Account)	$ —	$ —	$ —	$ 33,260
Series 10J, 8 3/5%, due February 28, 1987 (6.3 billion Japanese Yen)	49,395	26,182	23,213	27,080
Series 11M, 13¼%, due October 13, 1987	65,000	—	65,000	65,000
Series 10V, 9¾%, due December 1, 1988	25,000	—	25,000	25,000
Series 11E, 14¼%, due July 1, 1991 (40.0 million U.S. Dollars)	55,892	7,930	47,962	47,962
Series 11J, 15¼%, due March 31, 1992	40,000	—	40,000	40,000
Series 10T, 9¾%, due May 15, 1998	12,090	—	12,090	12,090
Series 11A, 10¼%, due August 1, 1999	5,000	—	5,000	5,000
Series 9X, 10%, due December 5, 1999	10,000	—	10,000	10,000
Series AD, 10 2/5%, due May 15, 1986	65,000	—	65,000	65,000
Series AN, 11½%, due May 15, 1995	50,000	—	50,000	—
Series UFA1, 11%, due November 5, 1995	55,000	—	55,000	—
Interim Advance, 10%, due June 25, 1986	6,815	—	6,815	—
Interim Advance, 10%, due September 29, 1986	23,800	—	23,800	—
	$462,992	$34,112	$428,880	$330,392
Bonds Payable				
Debentures issued by the System fully guaranteed by the Province				
Series 1C, 5½%, due December 2, 1986	$ 12,500	$ —	$ 12,500	$ 12,500
Series 1J, 7¾%, due February 15, 1989	10	—	10	10
Series 1M, 8%, due September 15, 1989	108	—	108	108
Series 1E, 5%, due January 15, 1991 (14.5 million U.S. Dollars)	20,261	4,681	15,580	15,580
Series 1N, 7 7/8%, due November 15, 1991	20,000	—	20,000	20,000
Series 1F, 6¼%, due December 1, 1991	20,000	—	20,000	20,000
Series 1Q, 6½%, due January 3, 1992 (80.0 million Swiss Francs)	—	—	—	25,040
Series 1G, 7%, due February 16, 1993	20,000	—	20,000	20,000
Series 1P, 7 7/8%, due March 15, 1993	10,000	—	10,000	10,000
Series 1T, 10%, due July 2, 1995	10,000	—	10,000	10,000
Series 1U, 10½%, due May 1, 1996	20,000	—	20,000	20,000
Series 1S, 8¾%, due March 1, 1999	37,000	—	37,000	37,000
Series 1V, 5%, due January 3, 1992 (80.0 million Swiss Francs)	57,280	3,000	54,280	—
	$227,159	$ 7,681	$219,478	$190,238
	$690,151	$41,793	$648,358	$520,630
Foreign Exchange Adjustment				$ 37,285
Outstanding at Rates Prevailing March 31, 1985				$557,915

10. LONG-TERM DEBT (continued)

Under the requirements of The Manitoba Telephone Act, the System is required to pay to the Minister of Finance of the Province of Manitoba, as trustee for the sinking fund, an amount which is not less than 1% of the long-term debt outstanding at the end of the preceding fiscal year and 4% of the sinking fund balance at the end of the preceding fiscal year. The market value of the investments held in the fund at March 31, 1986 is $56,517,557 (1985 — $47,494,453).

If the System incurs no new long-term debt and assuming exchange rates at March 31, 1986 remain unchanged, the following payments will be required to meet sinking fund conditions and debt retirements:

Year Ending March 31	Sinking Fund Payments	Debt Retirement
	(in thousands of dollars)	
1987	$8,583	$157,510
1988	7,517	65,000
1989	7,027	25,010
1990	6,938	108
1991	7,213	20,261

11. COMMITMENTS

Purchase Commitments—

Commitments at March 31, 1986, relating principally to the purchase of equipment for future delivery and uncompleted contracts, were approximately $12,278,828.

Lease Commitments—

The Manitoba Telephone System rents buildings and construction and other equipment under operating leases. The aggregate annual rental of the commitments under the leases, which expire at varying dates to March 31, 1991, are:

1987	$1,979,384
1988	1,204,473
1989	723,345
1990	251,808
1991	170,850

12. PENSION

Employees of the System are pensionable under the Civil Service Superannuation Fund and make contributions at prescribed rates. The System is required to pay 50% of the Fund's pension disbursements made to retired employees. The payments are charged to general and administration expenses as incurred.

An actuarial evaluation of the Fund was conducted as at December 31, 1983. The results of the evaluation indicate that at the date of review the Fund was in a sound financial position.

According to the formula contained in the report issued after the evaluation, the liability which the System had at December 31, 1985 was:

(a) if no allowance is made for future increases in pension due to increases in the cost of living, $123,709,000.

(b) if allowance is made for future increases in pension due to increases in the cost of living, $188,591,000.

During the fiscal year ended March 31, 1984, a $5,000,000 provision was made to recognize the System's liability as a result of implementing an early retirement program and from legislated changes to the Pension Benefits Act. This provision was augmented by $12,330,000 for the year ended March 31, 1986 ($14,685,000 March 31, 1985). The increase, included in general and administration operating expense, represents additional provision for legislative changes to the Pension Benefits Act and a partial recording of the increased liability accrued during the year.

A cumulative amount of $32,015,000 has been included in contributions made to the Investment Fund on account of pension liabilities.

13. STATEMENTS OF CHANGES IN CASH POSITION

Cash was provided/(used) by changes in working capital as follows:

	1986	1985
	(in thousands of dollars)	
Increase in Current Assets:		
Accounts receivable	$(5,958)	$(4,970)
Prepayments	(300)	(91)
Increase/(Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	(3,951)	18,992
Advance billings and payments	482	383
Accrued interest	567	(466)
Provision for losses on wind down of subsidiary	10,565	—
	$ 1,405	$13,848

14. RECLASSIFICATIONS

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Manitoba

THE MANITOBA TRADING CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Trading Corporation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

July 28, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA TRADING CORPORATION

BALANCE SHEET
AS AT MARCH 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Cash on deposit with Minister of Finance	$ 505,365	$ 502,660
Accounts receivable:		
Trade	--	1,252
	$ 505,365	$ 503,912

LIABILITIES

	1986	1985
Advances from the Government of the Province of Manitoba for working capital	$ 500,000	$ 500,000
Funds available for future operations:		
Balance at beginning of year	3,912	4,045
Revenue over (under) expenditure, Exhibit B	1,453	(133)
Balance at end of year	5,365	3,912
	$ 505,365	$ 503,912

Exhibit B

THE MANITOBA TRADING CORPORATION

STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1986
(with 1985 figures for comparison)

	1986	1985
REVENUE:		
Interest on overdue accounts receivable	$ 217	$ -
Recovery of expenditures relating to small shipments seminar	580	-
Gain on collection of account receivable	1,201	-
	1,998	-
EXPENDITURE:		
Food and beverage service - Small shipments seminar	545	-
Legal fee	-	133
Revenue over (under) expenditure, Exhibit A	$ 1,453	$ (133)

THE MANITOBA TRADING CORPORATION

Notes to Financial Statements
as at March 31, 1986

1. Administrative expenditures are funded from an appropriation of the Department of Industry, Trade and Technology.

2. The accrual basis of accounting is used in the preparation of these financial statements, except for interest on accounts receivable which is recorded on a cash basis.

Manitoba

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to F, of The Manitoba Vegetable Producers' Marketing Board for the fiscal year ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at June 30, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, C.A.,
Provincial Auditor.

November 18, 1985,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Balance Sheet
as at June 30, 1985
(with 1984 figures for comparison)

ASSETS

	1985	1984
Current assets:		
Cash on hand and in bank	$ 8,110	$ 256,944
Bank deposit receipts	200,000	100,000
Accounts receivable - trade	192,592	346,301
- Peak of the Market Sales Ltd.	55,274	205,761
- storage crop advance	284,598	112,264
- other	13,367	2,447
Inventories of vegetables, net realizable value	9,174	54,300
Prepaid expenses	185,239	154,463
Total current assets	948,354	1,232,480
Investment in Peak of the Market Sales Ltd.	30	30
Fixed assets:		
Land and buildings, as valued by the Board	681,868	681,868
Equipment and automobiles, at cost	639,485	627,904
	1,321,353	1,309,772
Less: assistance grants	26,487	37,576
	1,294,866	1,272,196
Less: accumulated depreciation	807,264	795,907
	487,602	476,289
	$ 1,435,986	$ 1,708,799

LIABILITIES AND CAPITAL SURPLUS

	1985	1984
Current liabilities:		
Outstanding cheques	$ 259,401	$ 533,699
Bank loans (Note 2)	330,295	114,226
Accounts payable - producers	97,851	343,706
- other	65,801	139,173
Funds held for promotion and research, Exhibit D	29,492	22,403
Other trust account (Note 3)	19,761	19,202
Total current liabilities	802,601	1,172,409
Other liabilities:		
Financial assistance provided by the Governments of Canada and Manitoba, repayable	-	7,710
Operations account, Exhibit B	348,199	243,494
	1,150,800	1,423,613
Capital surplus arising from:		
Financial assistance provided by the Governments of Canada and Manitoba, not repayable	206,438	206,438
Valuation of land and buildings	78,748	78,748
	285,186	285,186
	$ 1,435,986	$ 1,708,799

Exhibit B

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operations
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Revenues:		
Board's assessments against pools, Exhibit C	$ 508,112	$ 578,512
Prepack operation:		
Sales	5,830,341	6,492,583
Less: cost of sales	5,127,510	5,837,725
Gross margin	702,831	654,858
Processing fees:		
Cartage and storage	4,388	3,324
Custom work	30,894	20,476
Washing and grading	148,599	134,834
	183,881	158,634
Sundry:		
Rental revenue	67,100	65,079
Commissions on consignment sales and other revenue	90,418	79,224
	157,518	144,303
Total revenues	1,552,342	1,536,307
Operating expenditures, Exhibit E	1,447,637	1,432,856
Increase in operations account	104,705	103,451
Operations account, beginning of year	243,494	140,043
Operations account, end of year, Exhibit A	$ 348,199	$ 243,494

Exhibit C

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Transactions for the year ended June 30, 1985 (with 1984 figures for comparison)

	1985	1984
Revenue from vegetables sold through pools	$ 10,618,965	$ 11,455,782
Deduct pool charges:		
Direct charges:		
Brokerage	85,150	52,115
Containers	9,524	22,658
Freight equalization	54,801	32,381
Inspection	2,630	3,722
Prepack subsidy	31,954	9,298
Seed delivery	4,237	4,436
Selling and promotion allowances	47,783	13,751
	236,079	138,361
Funds allocated for:		
Promotion and research	43,831	31,099
Freight equalization	73,544	81,988
	117,375	113,087
Board's assessments:		
Handling charges	451,622	465,461
Processing fees	1,216	28,161
Waxing	53,370	82,798
Fractional differences	1,904	2,092
	508,112	578,512
Total pool charges	861,566	829,960
Distributed to producers	$ 9,757,399	$ 10,625,822

Exhibit D

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Funds Held
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Promotion and research:		
Balance, beginning of year	$ 22,403	$ 24,254
Add: funds allocated from pools, Exhibit C	43,831	31,099
amount provided from direct priced sales	710	1,674
grants and commissions	15,674	7,535
	82,618	64,562
Deduct: promotional charges	53,126	42,159
Balance, end of year, Exhibit A	$ 29,492	$ 22,403
Freight equalization:		
Balance, beginning of year	$ –	$ –
Add: funds allocated from pools, Exhibit C	73,544	81,988
overquota service charges	15,627	28,666
	89,171	110,654
Deduct: freight allowances to wholesalers	71,115	104,077
amount credited to producers	18,056	6,577
	89,171	110,654
Balance, end of year	$ –	$ –

Exhibit E

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operating Expenditures
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Audit	$ 13,712	$ 16,133
Bad debts	2,711	350
Board members' fees	10,725	9,719
Board members' expenses	6,025	5,815
Bank service charge	3,012	3,041
Cafeteria operations, net	4,117	2,238
Claims and allowances	2,595	4,480
Containers and packaging supplies	126,954	186,592
Depreciation	57,564	55,436
Equipment rental	7,609	4,759
Fuel, water, light and power	71,092	66,153
Health and post secondary education tax levy	11,495	11,567
Insurance	12,921	12,135
Legal	302	250
Maintenance and repairs	65,791	50,159
Manager's expenses	2,289	2,180
Miscellaneous	42,264	18,209
Office supplies and postage	19,085	15,991
Pension and employee insurance	80,714	71,400
Property and business taxes	70,205	68,280
Public relations, promotion and travel	43,848	36,158
Salaries and wages	753,796	744,076
Telephone and telex	21,653	21,271
Truck and auto	17,158	26,464
Total, Exhibit B	$ 1,447,637	$ 1,432,856

Exhibit F

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Changes in Financial Position
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Source of funds:		
Operations:		
Net increase in operations account for the year	$ 104,705	$ 103,451
Items not involving funds:		
Depreciation	57,564	55,436
Gain on disposal of fixed assets	(12,283)	-
Funds provided from operations	149,986	158,887
Proceeds from Government of Canada - Regional Economic Expansion grant	2,715	-
Proceeds from disposal of fixed assets	25,300	-
	178,001	158,887
Use of funds:		
Purchase of fixed assets	84,609	21,650
Reduction to repayable financial assistance provided by the Governments of Canada and Manitoba	7,710	10,942
	92,319	32,592
Increase in working capital for the year	85,682	126,295
Working capital (deficiency), beginning of year	60,071	(66,224)
Working capital, end of year	$ 145,753	$ 60,071
Represented by:		
Current assets	$ 948,354	$ 1,232,480
Current liabilities	802,601	1,172,409
	$ 145,753	$ 60,071

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements
June 30, 1985

1. Significant accounting policies

a) Investment in Peak of the Market Sales Ltd.

The Board reflects its investment in Peak of the Market Sales Ltd., a wholly owned subsidiary, at cost. The subsidiary operates on a breakeven basis and acquires all of its products from the Board at regular Board prices, for resale at the same prices and all operating costs are absorbed by the Board. Total sales to the subsidiary (1985 - $3,225,612; 1984 - $3,589,770) have not been segregated in these financial statements. The amount reflected as accounts receivable from Peak of the Market Sales Ltd. represents the amount due to the subsidiary from its customers as at the year-end date.

b) Land and buildings

Land and buildings have been recorded at a book value transferred from the preceding entity, which includes an incremental valuation adjustment of $78,748, with a subsequent disposal of part of the land recorded on a pro rata basis. Depreciation on buildings is calculated on a straight-line basis, using an estimated service life of 40 years.

c) Equipment and automobiles

Equipment and automobiles are depreciated on a straight-line basis with an estimated useful life of 10 years for equipment and 5 years for automobiles.

d) Operations account

The Board operates on a break-even basis, recovering its estimated costs by assessing handling charges against the pools handled on behalf of the participating producers. The prepack operation and other processing services are offered in order to enhance the overall pooling process. The mark-up applied to the prepack operation and rates charged for other processing services are also based on the estimated costs of providing the related services. Any variance between the estimated costs recovered from the aforementioned sources and actual costs of Board operations is accumulated in the Operations Account. The balance of this account represents funds held for producers which have not been allocated and are used for working capital purposes.

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements
June 30, 1985

2. Bank loans

The amount shown for bank loans is comprised of the following:

	1985	1984
Operating loan, interest at prime, secured by a general assignment of accounts receivable	$ 45,000	$ -
Crop storage loans, interest payable by and outstanding balance guaranteed by the Government of Canada	285,295	114,226
	$ 330,295	$ 114,226

3. Other trust account

The transactions pertaining to the other trust account is as follows:

	Cultivar Research Project
Balance, June 30, 1984	$ 19,202
Contributions from participants	31,358
Interest received	957
	51,517
Disbursements	31,756
Balance, June 30, 1985	$ 19,761

4. Pension Plan

On October 28, 1985, the Board approved the conversion of the fully vested defined benefits pension plan to a money purchase plan effective January 1, 1985. The actuarial surplus of $142,478 as at January 1, 1985 has been allocated by the Board as follows:

a) an amount of $48,311 allocated to certain members adversely affected by the change in the plan, and

b) the balance, after allowance for expenses, is allocated to each member, on the basis that each member's contributions as at December 31, 1984, bears to all the total accumulated contributions of all contributing members at December 31, 1984.

The arrangements for a Fund Manager and the approval of the new pension plan by the Manitoba Pension Commission have not yet been finalized.

Manitoba

THE MANITOBA WATER SERVICES BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C, D and E, and Schedules 1 to 3, of The Manitoba Water Services Board for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Services Board as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

September 30, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA WATER SERVICES BOARD

Balance Sheet
as at March 31, 1986

ASSETS

	1986	1985
Current assets:		
Cash on hand and on deposit with the Minister of Finance	$ 616,411	$ 375,434
Accounts receivable	2,476,547	530,444
Grants receivable from the Government of the Province of Manitoba - subsidization of construction costs	144,443	161,699
Accrued interest	685,370	785,337
Prepaid expenses	36,461	190,157
	3,959,232	2,043,071
Debentures receivable from municipalities, Schedule 1 (Note 3)	14,786,631	17,928,170
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	2,140,026	1,307,070
Fixed assets: (Notes 1(e) and 4)		
Works, at cost		
Land and easements	80,977	80,977
Buildings and equipment	5,579,767	5,579,767
	5,660,744	5,660,744
Less accumulated depreciation	3,780,368	3,642,864
	1,880,376	2,017,880
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C, (Notes 1(b) and 5)	1,903,581	2,670,900
Amortized interest recoverable	29,722	96,237
	$ 24,699,568	$ 26,063,328

Exhibit A

LIABILITIES

	1986	1985
Current liabilities:		
Accounts payable and accrued charges	$ 914,656	$ 1,018,921
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	16,697,331	17,657,556
Debentures - Canada Mortgage and Housing Corporation	2,516,931	2,631,144
Bonds	5,977,000	5,977,000
	25,191,262	26,265,700
Less sinking fund: (Note 1 (f))		
Cash on deposit with the Minister of Finance	1,272,986	144,022
Investments, at cost, Schedule 3	204,177	1,218,857
	1,477,163	1,362,879
	23,714,099	24,902,821
Interest adjustment fund account Exhibit D, (Notes 1(c) and 7)	70,813	141,586
	$ 24,699,568	$ 26,063,328

Exhibit B

THE MANITOBA WATER SERVICES BOARD

Statement of Operating Revenues and Expenditures for the year ended March 31, 1986

	1986	1985
Revenues:		
Sale of water	$ 2,383,510	$ 2,238,551
Interest:		
Municipalities	2,074,816	1,972,068
Sinking funds and funds on deposit (Note 1(f))	155,997	204,062
Grant from the Government of the Province of Manitoba - subsidization of water rates (Note 5)	385,805	549,403
- other	-	60,660
	5,000,128	5,024,744
Expenditures:		
Interest:		
Advances	2,154,787	2,030,307
Bonds and debentures	633,718	643,620
Audit and other fees	10,054	11,603
Chemicals	381,589	401,223
Depreciation	137,504	153,882
Salaries and benefits	663,013	680,488
Heat, telephone, light and power	267,341	274,288
Repairs and maintenance	122,913	111,845
Water purchased for resale	194,846	192,816
	4,565,765	4,500,072
Interest applied to construction	(277,980)	(237,231)
Interest applied to interest adjustment fund account, Exhibit D	(70,773)	(35,753)
	4,217,012	4,227,088
Excess of operating revenues over expenditures, Exhibit C	$ 783,116	$ 797,656

Exhibit C

THE MANITOBA WATER SERVICES BOARD

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5)
for the year ended March 31, 1986

	1986	1985
Balance, beginning of year	$ 2,670,900	$ 3,468,556
Add: Refund of excess revenues over operating expenditures	15,797	-
Deduct: Excess of operating revenues over expenditures, Exhibit B	783,116	797,656
Balance, end of year, Exhibit A	$ 1,903,581	$ 2,670,900

Exhibit D

THE MANITOBA WATER SERVICES BOARD

Statement of Interest Adjustment Fund Account (Notes 1(c) and 7)
for the year ended March 31, 1986

	1986	1985
Balance, beginning of year	$ 141,586	$ 177,339
Interest applied - Statement of Operating Revenues and Expenditures, Exhibit B	(70,773)	(35,753)
Balance, end of year, Exhibit A	$ 70,813	$ 141,586

Exhibit E

THE MANITOBA WATER SERVICES BOARD

Statement of Changes in Financial Position
for the year ended March 31, 1986

	1986	1985
Source of Funds:		
From operations:		
Excess of operating revenues over expenditures, Exhibit B	$ 783,116	$ 797,656
Add non-cash transactions:		
Depreciation	137,504	153,882
Amortization of sinking fund bond discount - net	66,515	(32,256)
	987,135	919,282
The Government of the Province of Manitoba		
Grants - subsidization of construction costs	4,444,364	2,617,180
Municipalities:		
Debenture principal repayments	3,141,539	476,300
Construction expenditure recoveries	4,545,162	1,482,954
	13,118,200	5,495,716
Application of Funds:		
Construction of facilities for municipalities	9,813,107	6,198,611
The Government of the Province of Manitoba		
Advances - net	960,225	(503,928)
The Government of Canada		
Construction expenditure refunds (recoveries)	9,375	(2,224)
Canada Mortgage and Housing Corporation		
Debenture principal repayments	114,213	104,204
Applied to interest adjustment fund account	70,773	35,753
Purchase of fixed assets	-	865
Refund of excess revenues over operating expenditures	15,797	-
Sinking fund payments - net	114,284	109,890
	11,097,774	5,943,171
Increase (Decrease) in working capital	2,020,426	(447,455)
Working capital, beginning of year	1,024,150	1,471,605
Working capital, end of year	$ 3,044,576	$ 1,024,150
Current assets, Exhibit A	$ 3,959,232	$ 2,043,071
Current liabilities, Exhibit A	914,656	1,018,921
Working capital	$ 3,044,576	$ 1,024,150

Schedule 1

THE MANITOBA WATER SERVICES BOARD

Schedule of Debentures Receivable from Municipalities as at March 31, 1986

Municipality	Number of Debentures	Term	Interest Rates %	Balance
Village of Arborg	4	October 31, 1986-1998	9.25-11.25	$ 148,350
Village of Benito	1	October 31, 1986-1998	9.8	9,584
Village of Binscarth	1	October 31, 1986-1998	11.25	32,916
Village of Binscarth	1	December 31, 1986-2004	12.75	4,354
Rural Municipality of Birtle	2	October 31, 1986-2000	11.25-13.75	143,711
Town of Birtle	2	December 31, 1986-2003	12.625-13.125	247,365
Town of Carman	3	October 31, 1986-1999	9.0-11.25	196,055
Rural Municipality of Cartier	1	October 31, 1986-1995	10.95	115,233
Village of Cartwright	1	December 31, 1986-2004	12.75	21,142
Rural Municipality of Coldwell	2	October 31, 1986-1996	9.8-10.95	123,092
Local Government District of Consol	1	October 31, 1986-1996	9.8	50,874
Town of Dauphin	2	October 31, 1986-1996	9.8-10.95	397,332
Town of Deloraine	2	October 31, 1986-1999	9.8-11.25	22,801
Rural Municipality of De Salaberry	2	December 31, 1986-2004	12.625-12.75	85,866
Rural Municipality of East St. Paul	3	October 31, 1986-1997	9.0-10.95	134,671
Town of Emerson	2	October 31, 1986-1998	9.8-11.25	31,938
Village of Erickson	1	October 31, 1986-1994	9.25	5,294
Rural Municipality of Eriksdale	1	October 31, 1986-1996	9.8	6,361
Village of Ethelbert	1	October 31, 1986-1989	11.25	5,587
City of Flin Flon	5	December 31, 1986-2004	12.625-12.75	1,628,275
Village of Gilbert Plains	2	October 31, 1986-1995	9.25-10.95	85,735
Town of Gimli	1	October 31, 1986-2000	13.75	89,060
Village of Glenboro	1	December 31, 1986-2002	13.125	99,883
Town of Grandview	4	October 31, 1986-1999	9.0-11.25	90,867
Town of Grandview	1	December 31, 1986-2002	13.125	58,581
Village of Gretna	3	October 31, 1986-1995	9.8-11.25	23,360
Rural Municipality of Grey	2	October 31, 1986-2000	11.25-13.75	355,779
Rural Municipality of Hanover	7	October 31, 1986-1999	9.0-11.25	367,515
Rural Municipality of Hanover	2	December 31, 1986-2004	12.75	168,403
Town of Hartney	1	December 31, 1986-1988	6.645	63,614
Town of Killarney	1	December 31, 1986-2004	12.75	32,325
Village of Lac du Bonnet	1	October 31, 1986-1997	9.50	238,823
Rural Municipality of Lorne	4	October 31, 1986-2000	9.8-13.75	300,849
Rural Municipality of Macdonald	4	October 31, 1986-1999	9.0-11.25	86,816
Village of Manitou	2	October 31, 1986-1998	9.0-11.25	78,018
Village of McCreary	3	October 31, 1986-1998	9.8-11.25	25,179
Town of Minnedosa	3	October 31, 1986-1999	9.8-11.25	31,817
Rural Municipality of Miniota	1	October 31, 1986-1996	9.8	12,485
Village of Minitonas	1	October 31, 1986-1999	11.25	83,372
Rural Municipality of Montcalm	1	December 31, 1986-1998	12.625	60,041
Town of Morris	2	October 31, 1986-1998	9.0-9.8	140,802
Town of Morris	2	December 31, 1986-2004	12.75-13.125	101,450
Local Government District of Mountain	2	October 31, 1986-1997	9.0-9.8	118,605
Town of Neepawa	1	October 31, 1986-1998	9.8	18,626
Rural Municipality of North Norfolk	3	October 31, 1986-1996	9.25-10.95	98,223
Village of Notre Dame de Lourdes	3	October 31, 1986-1995	9.25-10.95	55,691
Carried forward	96			$ 6,296,720

Schedule 1

THE MANITOBA WATER SERVICES BOARD

Schedule of Debentures Receivable from Municipalities
as at March 31, 1986

Municipality	Number of Debentures	Term	Interest Rates %	Balance
Brought forward	96			$ 6,296,720
Rural Municipality of Ochre River	2	December 31, 1986-2002	12.625-13.125	29,056
Rural Municipality of Pembina	1	October 31, 1986-1989	11.25	5,875
Rural Municipality of Pipestone	2	October 31, 1986-2000	11.25-13.75	44,541
Village of Plum Coulee	3	October 31, 1986-1999	9.0-11.25	245,808
City of Portage la Prairie	6	October 31, 1986-2000	9.0-13.75	1,681,358
City of Portage la Prairie	1	December 31, 1986-2002	13.125	65,889
Rural Municipality of Portage la Prairie	2	October 31, 1986-1995	9.25-10.95	92,277
Town of Rapid City	1	October 31, 1986-1998	9.8	12,044
Rural Municipality of Ritchot	6	October 31, 1986-2000	9.8-13.75	111,221
Rural Municipality of Ritchot	2	December 31, 1986-2004	12.625-12.75	130,152
Rural Municipality of Riverside	2	October 31, 1986-2000	11.25-13.75	159,216
Village of Riverton	4	October 31, 1986-1998	9.0-10.95	196,173
Village of Riverton	1	December 31, 1986-2002	13.125	17,280
Town of Roblin	2	October 31, 1986-2000	11.25-13.75	280,642
Village of Rossburn	5	October 31, 1986-2000	9.0-13.75	77,176
Town of Russell	1	December 31, 1986-2004	12.75	350,940
Village of Ste. Anne	2	October 31, 1986-1996	9.8-11.25	57,120
Village of St. Claude	3	October 31, 1986-1998	9.8-10.95	47,683
Village of St. Claude	1	December 31, 1986-1999	12.75	15,320
Village of Ste. Rose du Lac	4	October 31, 1986-1997	9.0-10.95	62,970
Village of Ste. Rose du Lac	1	December 31, 1986-2004	12.75	68,122
Town of Selkirk	6	October 31, 1986-2000	9.0-13.75	1,162,623
Village of Shoal Lake	1	October 31, 1986-2000	13.75	157,837
Rural Municipality of Siglunes	1	December 31, 1986-2001	13.125	7,107
Village of Somerset	2	December 31, 1986-2003	12.625-13.125	77,623
Town of Souris	3	October 31, 1986-1998	9.0-9.8	458,824
Town of Souris	1	December 31, 1986-200	12.75	16,204
Town of Steinbach	3	October 31, 1986-1997	9.0-10.95	78,090
Town of Stonewall	2	October 31, 1986-2006	9.8-10.95	867,641
Rural Municipality of Strathclair	1	October 31, 1986-1988	9.8	19,042
Rural Municipality of Strathcona	2	October 31, 1986-2000	11.25-13.75	42,356
Local Government District of Stuartburn	3	October 31, 1986-2000	9.8-13.75	157,809
Town of Swan River	3	October 31, 1986-1997	9.0-10.95	491,605
Rural Municipality of Tache	3	October 31, 1986-1998	9.0.10.95	25,246
Village of Teulon	1	October 31, 1986-2006	8.0	344,512
Rural Municipality of Thompson	1	October 31, 1986-1996	9.8	124,958
Village of Treherne	2	October 31, 1986-1996	9.8-11.25	135,077
Town of Virden	3	October 31, 1986-1998	9.8-13.75	338,792
Town of Virden	1	December 31, 1986-1998	13.125	17,089
Community of Wabowden (Note 6)	1	August 1, 1986-1995	9.0	188,965
Village of waskada	1	October 31, 1986-1988	9.25	824
Willage of Wawanesa	1	October 31, 1986-1999	11.25	2,601
Town of Winkler	1	October 31, 1986-1996	9.8	19,870
Town of Winnipeg Beach	1	October 31, 1986-1999	11.25	4,353
	192			$ 14,786,631

Schedule 2

THE MANITOBA WATER SERVICES BOARD

Schedule of Capital Debt
as at March 31, 1986

	1986	1985
Advances from the Government of the Province of Manitoba:		
9% payable annually October 31, 1986-1997	$ 1,577,184	$ 1,649,026
9.8% payable annually October 31, 1986-1998	1,760,846	1,827,115
11.25% payable annually October 31, 1986-1999	1,778,818	1,830,982
9.25% payable annually March 31, 1987-2004	1,207,765	1,305,071
9.8% payable annually October 31, 1986-2006	1,359,884	1,419,823
9.4% payable annually October 31, 1986-2007	39,192	39,733
13.75% payable annually October 31, 1986-2000	2,219,932	3,491,085
13.125% payable annually December 31, 1986-2002	605,796	1,099,163
12.625% payable annually December 31, 1986-2003	1,222,494	2,306,145
12.75% payable annually December 31, 1986-2004	1,474,176	–
Other – payable on demand at bank prime	3,451,244	2,689,413
	16,697,331	17,657,556
Canada Mortgage and Housing Corporation Debentures:		
7.875% payable annually August 1, 1986-1994	65,172	69,997
8% payable annually December 1, 1986-1995	49,437	52,569
8% payable annually January 1, 1987-1996	29,846	31,736
8% payable annually January 1, 1987-1996	38,225	40,647
8% payable annually February 1, 1987-1996	40,613	43,185
10% payable annually February 1, 1987-1996	76,623	80,932
10.375% payable annually January 1, 1987-1996	99,503	104,974
10.375% payable annually January 1, 1987-1996	21,939	23,145
10.375% payable annually February 1, 1987-1996	72,973	76,985
10.375% payable annually February 1, 1987-1996	47,850	50,481
10.375% payable annually February 1, 1987-1996	55,914	58,989
10.375% payable annually February 1, 1987-1996	113,787	120,043
10.375% payable annually December 1, 1986-1996	112,467	117,764
10.75% payable annually August 1, 1986-1996	52,248	54,649
10.75% payable annually December 1, 1986-1996	31,648	33,102
10.75% payable annually December 1, 1986-1996	14,438	15,102
8% payable annually April 1, 1987-1997	11,918	12,574
8% payable annually July 1, 1986-1997	689,210	722,471
10% payable annually July 1, 1986-1997	27,272	28,412
10% payable annually July 1, 1986-1997	19,002	19,796
10.375% payable annually April 1, 1986-1997	111,727	116,989
10.375% payable annually April 1, 1986-1997	99,027	103,691
10.75% payable annually July 1, 1986-1997	142,306	147,935
9.625% payable annually February 1, 1987-1998	64,395	67,160
11% payable annually November 1, 1986-2002	429,391	437,816
	2,516,931	2,631,144
Carried forward	$ 19,214,262	$ 20,288,700

Schedule 2

THE MANITOBA WATER SERVICES BOARD

Schedule of Capital Debt
as at March 31, 1986

	1986	1985
Brought forward	$ 19,214,262	$ 20,288,700
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
5.42% bonds due April 1, 1986	2,954,000	2,954,000
7.26% bonds due June 2, 1989	3,023,000	3,023,000
	5,977,000	5,977,000
	$ 25,191,262	$ 26,265,700

Schedule 3

THE MANITOBA WATER SERVICES BOARD

Schedule of Sinking Fund Investments
as at March 31, 1986

	Interest Rate %	Maturity Date	Par Value	Cost
Debentures:				
Manitoba Hydro Electric Board	6.25	October 1, 1986	$ 4,000	$ 3,516
Manotoba Hydro Electric Board	6.25	February 1, 1989	26,000	20,490
Manitoba Hydro Electric Board	7.0	November 15, 1987	10,000	8,370
Manitoba Telephone System	5.5	December 2, 1986	30,000	25,839
Manitoba Telephone System	6.25	December 1, 1991	52,000	36,612
Manitoba Telephone System	7.0	February 15, 1993	158,000	109,350
			$ 280,000	$ 204,177

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements
for the year ended March 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Board's financial statements have been prepared using the accrual basis of accounting except that, in accordance with the procedures followed by the Government of the Province of Manitoba, the Board's disbursement account was held open until April 18, 1986 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1986.

(b) Accumulated excess of operating expenditures over revenues, recoverable

The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

(A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as The Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

(B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

All operating deficits of plants operated by the Board are recoverable from the municipalities.

(c) Interest Adjustment Fund Account

The Board maintains a separate fund account balance for interest adjustments.

(d) Administration costs

The costs related to the administration and general operation of the Board are paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

(e) Depreciation policy

The Board provides depreciation on a straight line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings.

(f) Sinking fund

The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceding March 31, together with 4% of the balance in the sinking fund at that date.

Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

2. CONSTRUCTION IN PROGRESS RECOVERABLE FROM MUNICIPALITIES AND THE GOVERNMENT OF THE PROVINCE OF MANITOBA

The transactions in this account were as follows:

	March 31	
	1986	1985
Balance at beginning of year	$ 1,307,070	$ 848,983
Construction during the year, Exhibit E	9,813,107	6,198,611
	11,120,177	7,047,594
Recoveries during the year		
Municipalities:		
Cash payments received, Exhibit E	4,545,162	1,482,954
Debentures received	-	1,638,166
	4,545,162	3,121,120
The Government of the Province of Manitoba, Exhibit E		
Grants - subsidization of construction costs	4,444,364	2,617,180
The Government of Canada, Exhibit E		
Construction expenditure (refunds) recoveries	(9,375)	2,224
	8,980,151	5,740,524
Balance at end of year, Exhibit A	$ 2,140,026	$ 1,307,070

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements
for the year ended March 31, 1986

3. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. FIXED ASSETS

The following is the summary of the Board's fixed assets:

	1986	1985
Land and easements	$ 80,977	$ 80,977
Buildings	4,267,942	4,267,942
Less accumulated depreciation	2,506,721	2,382,747
	1,761,221	1,885,195
Equipment	1,311,825	1,311,825
Less accumulated depreciation	1,273,647	1,260,117
	38,178	51,708
	$ 1,880,376	$ 2,017,880

5. ACCUMULATED EXCESS OF OPERATING EXPENDITURES OVER REVENUE (Note 1(b))

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1986 rate stabilization grants totalling $385,805 were paid in respect of the operations of 24 of the plants constructed under The Manitoba Water Supply Board Act (1985 - $549,403, respecting 28 plants).

5. ACCUMULATED EXCESS OF OPERATING EXPENDITURES OVER REVENUE (continued)

	March 31 1986 No.	 1986 Amount	 1985 No.	 1985 Amount
Plants operated under A - owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	33	$ 2,061,020	34	$ 2,754,066
Plants with an accumulated excess of operating revenues over expenditures	4	(94,419)	3	(56,622)
	37	1,966,601	37	2,697,444
Plants operated under B - operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	3	10,294	4	33,781
Plants with an accumulated excess of operating revenues over expenditures	6	(73,314)	6	(60,325)
	9	(63,020)	10	(26,544)
Totals under A and B	46	$ 1,903,581	47	$ 2,670,900

6. AGREEMENT, COMMUNITY OF WABOWDEN

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements for the year ended March 31, 1986

7. INTEREST ADJUSTMENT FUND ACCOUNT

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account.

8. CAPITAL AUTHORITY

The Legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1986 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1986
The Loan Act 1983	$ 1,400,000
The Loan Act 1984	7,000,000
The Loan Act 1985	8,500,000
	$ 16,900,000

9. COMMITMENTS

The Board has signed agreememts and offers for the construction of sewer and water systems for municipalities which amount to $16,455,000 as at March 31, 1986 (1985 - $16,086,000). Of this amount $8,053,000 (1985 - $7,329,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs with the balance of $8,402,000 (1985 - $8,757,000) to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payments (Note 3).

10. LITIGATION

The Board is involved in a civil suit with regard to one of its sewer projects. As a result of the Board's claim for damages a counter suit has been filed by one of the contractors claiming damages from the Board totalling $199,000. There has been no provision in the financial statements for the claim or counter suit.

Manitoba

MOOSE LAKE LOGGERS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Moose Lake Loggers Ltd. as at March 31, 1986 and the statements of retained earnings, revenues and expenditures, and changes in financial position, and the schedule of operating expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

September 29, 1986,
Winnipeg, Manitoba.

Exhibit A

MOOSE LAKE LOGGERS LTD.

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Current assets:		
Short term deposits	$ 50,000	$ 51,025
Accounts receivable:		
Trade	339,389	87,351
Employees	11,350	31,951
Government of the Province of Manitoba	-	8,478
	350,739	127,780
Loans receivable from sub-contractors re purchase of equipment - unsecured	74,736	76,577
Inventories, at cost	58,659	86,598
Prepaid expenses	2,132	2,936
Total current assets	536,266	344,916
Fixed assets, at cost: (Note 4)		
Buildings and trailers	509,829	509,829
Less accumulated depreciation	359,988	310,968
	149,841	198,861
Equipment	244,508	250,156
Less accumulated depreciation	197,441	172,377
	47,067	77,779
Other assets, at cost: (Note 4)		
Campsite improvements	90,579	116,817
Less accumulated amortization	37,107	82,743
	53,472	34,074
Main road construction	235,321	235,321
Less grants received	156,000	156,000
	79,321	79,321
Less accumulated amortization	71,454	65,790
	7,867	13,531
Total fixed and other assets	258,247	324,245
	$ 794,513	$ 669,161

Exhibit A

LIABILITIES AND SHAREHOLDERS' EQUITY

		1986	1985
Current liabilities:			
Excess of outstanding cheques over bank balances		$ 67,082	$ (2,289)
Bank demand loan (Note 5)		110,000	-
Accounts payable and accrued liabilities:			
Trade		64,114	$ 44,404
Government of the Province of Manitoba		13,135	2,685
Wage deductions		65,964	38,319
Employees		43,438	55,295
		186,651	140,703
Total current liabilities		363,733	138,414
Conditional sales agreement		-	88,350
Total liabilities		363,733	226,764
Shareholders' equity:			
Capital stock (Note 2):			
Authorized - 35,000 common shares for a maximum consideration of	$350,000		
Issued and fully paid - 30,009 common shares		300,090	300,090
Contributed surplus:			
Grant from the Government of Canada towards capital expenditures		5,720	5,720
Retained earnings, Exhibit B		124,970	136,587
Total shareholders' equity		430,780	442,397
		$ 794,513	$ 669,161

Exhibit B

MOOSE LAKE LOGGERS LTD.

Statement of Retained Earnings
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Balance, beginning of year	$ 136,587	$ 98,635
Less: Revenues over (under) expenditures, Exhibit C	(11,617)	37,952
Balance, end of year, Exhibit A	$ 124,970	$ 136,587

Exhibit C

MOOSE LAKE LOGGERS LTD.

Statement of Revenues and Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenues:		
Log cutting contract - Manfor Ltd.	$ 2,992,638	$ 3,226,525
Commissary sales	309,355	406,244
Board charges	55,216	82,950
Trainee reimbursement	23,497	2,366
Road maintenance	16,191	19,596
Interest income	11,802	9,286
Accounting service fees	2,900	2,225
Equipment rental	-	498
Reforestation Program	-	275
Miscellaneous	4,872	1,662
Total revenues	3,416,471	3,751,627
Expenditures, Exhibit E:		
Log cutting contracts	2,224,108	2,370,699
Camp operations	954,730	1,088,827
General and administrative	249,250	254,149
Total expenditures, Exhibit E	3,428,088	3,713,675
Revenues over (under) expenditures, Exhibit B	$ (11,617)	$ 37,952

Exhibit D

MOOSE LAKE LOGGERS LTD.

Statement of Changes in Financial Position
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Source of funds:		
Operations:		
Revenues over (under) expenditures	$ (11,617)	$ 37,952
Add: Charges not involving an outlay of funds - depreciation and amortization	94,434	136,405
	82,817	174,357
(Gain) loss on sale of fixed assets	-	(4,865)
	82,817	169,492
Proceeds from sale of fixed assets	25,661	30,031
	108,478	199,523
Use of funds:		
Purchase of fixed and other assets	54,097	29,921
Conditional sales agreement	88,350	111,134
	142,447	141,055
Increase (decrease) in working capital	$ (33,969)	$ 58,468

Exhibit E

MOOSE LAKE LOGGERS LTD.

Schedule of Operating Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Log cutting contracts:		
Wages and benefits	$ 1,451,408	$ 1,518,123
Equipment rental	641,692	689,111
Fuel and oil	82,876	105,348
Miscellaneous supplies	29,669	16,978
Repairs and maintenance	18,419	30,678
Insurance	44	1,317
Depreciation	-	9,144
Exhibit C	2,224,108	2,370,699
Camp operations:		
Wages and benefits	270,207	271,878
Provisions	108,296	147,532
Fuel and oil	92,237	89,323
Repairs and maintenance	89,263	64,124
Depreciation	79,185	103,084
Freight	10,219	12,499
Insurance	6,196	6,356
Amortization - main road	5,663	6,353
Interest on conditional sales agreement	4,621	17,486
Equipment rental	2,285	455
	668,172	719,090
Commissary - cost of sales	286,558	369,737
Exhibit C	954,730	1,088,827
Carried forward	$ 3,178,838	$ 3,459,526

Exhibit E

MOOSE LAKE LOGGERS LTD.

Schedule of Operating Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Brought forward	$ 3,178,838	$ 3,459,526
General and administrative:		
Wages and benefits	147,556	140,130
Health and post secondary education tax levy	24,807	25,848
Professional fees	14,599	17,080
Fuel and oil	12,640	13,370
Depreciation	8,024	17,433
Directors' fees and salaries	7,372	4,600
Directors' travel	7,073	8,023
Communications	4,532	4,549
Insurance	3,547	3,906
Stationery and supplies	3,544	3,015
Travel	3,544	2,026
Repairs and maintenance	3,363	4,377
Bad debt expense	639	-
Miscellaneous	8,010	7,960
Profit sharing plan	-	6,697
(Gain) loss on sale of fixed assets	-	(4,865)
Exhibit C	249,250	254,149
Total expenditures, Exhibit C	$ 3,428,088	$ 3,713,675

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1986

1. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Company.

Fixed assets:
Fixed assets are stated at cost. It is the company's policy to provide for depreciation and amortization of fixed assets on the basis shown in note 4.

Revenue recognition:
Pulpwood sales are recognized on the basis of pulpwood delivered to roadside and scaled in accordance with the terms of the sales contract.

2. Capital Stock

The issued shares are held by the Government of the Province of Manitoba except for nine shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba.

3. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides the services of the Secretary-Treasurer and other miscellaneous administrative services at no charge to the Company. The cost of these services is approximately $30,000 (1985 - $29,000). The Government of the Province of Manitoba has previously provided Workers Compensation coverage for Company staff at no charge to the Company. Effective October 1, 1985 the Company agreed to pay the lesser of $5,000 per month or actual costs billed to the Government of the Province of Manitoba. The total cost to the Company was $30,000. Actual costs paid by the Government of the Province of Manitoba to the Workers Compensation Board on the Company's behalf were $265,326 (1985 - $91,245).

4. Fixed Assets and Other Assets

The Company depreciates its fixed assets and amortizes its other assets on the following basis:

	Annual Rate
A) Depreciation	
a) Straight line	
Buildings	10-33 1/3%
Trailers	15-33 1/3%
Equipment	20-33 1/3%
b) Diminishing balance	
Trucks	30%
B) Amortization	
a) Straight line	
Campsite improvements	12 1/2 - 33 1/3%
b) Other	
Main road construction	10 cents per cord sold

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1986

5. Bank Demand Loan

The bank demand loan is guaranteed by the Government of the Province of Manitoba to a maximum of $500,000 including unpaid interest.

6. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba and Manfor Ltd., which is wholly owned by the Government of the Province of Manitoba.

Manitoba

THE PUBLIC SCHOOLS FINANCE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of The Public Schools Finance Board for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H Jackson

Fred H. Jackson, C.A.,
Provincial Auditor.

April 15, 1986,
Winnipeg, Manitoba.

Exhibit A

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet
as at December 31, 1985
(with 1984 figures for comparison)

	1985	1984
ASSETS		
Cash in bank	$ 3,173,019	$ 315,006
Accounts receivable:		
Government of the Province of Manitoba	9,216,423	4,109,491
Municipal corporations, education support levies	73,043,974	72,227,698
Miscellaneous	271,165	85,202
Prepaid expense	3,316	2,061
	$ 85,707,897	$ 76,739,458
LIABILITIES		
Accounts payable and accrued charges:		
Education Support	$ 10,620,526	$ 1,901,635
Other	1,526,841	1,502,550
Notes payable on demand, at bank prime - Province of Manitoba	65,740,000	68,250,000
	77,887,367	71,654,185
Municipal corporations' education support levies account, Note 5, Exhibit C	7,820,530	5,085,273
	$ 85,707,897	$ 76,739,458

Exhibit B

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Revenue:		
Province of Manitoba, share of the Government Support to Education Program	$ 383,671,332	$ 339,299,374
Municipal corporations, education support levy	183,016,763	180,559,759
	566,688,095	519,859,133
Excess of revenue over expenditure carried forward to municipal corporations' education support levies account, Exhibit C	2,942,593	2,622,618
	$ 563,745,502	$ 517,236,515

	1985	1984
Expenditure:		
Government Support to Education Program:		
Education support, Note 6, Schedule 1	$ 555,623,563	$ 509,226,790
Administrative and other expenses, Schedule 2	8,121,939	8,009,725
	$ 563,745,502	$ 517,236,515

Exhibit C

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Municipal Corporations' Education Support Levies Account for the year ended December 31, 1985 (with 1984 figures for comparison)

	1985	1984
Balance, beginning of year	$ 5,085,273	$ 2,511,341
Add:		
Excess of revenue over expenditure, Note 2(b), Exhibit B	2,942,593	2,622,618
	8,027,866	5,133,959
Less:		
Adjustment of previous years' education support from estimated to actual, Note 2(c)	43,610	48,686
Adjustment of prior years' levies, Note 3	163,726	-
	207,336	48,686
Balance, end of year, Note 5, Exhibit A	$ 7,820,530	$ 5,085,273

Schedule 1

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Education Support
for the year ended December 31, 1985
(with 1984 figures for comparison, Note 6)

	1985	1984
Operating:		
Block	$ 374,910,953	$ –
Equalization	48,663,756	–
Basic operating	–	316,350,103
Extra operating	–	64,790,978
Pupil	–	8,487,000
Special services	36,110,064	34,316,170
Transportation	25,315,823	25,176,362
Curricula materials	7,378,180	7,392,540
Vocational industrial	4,636,340	4,731,850
Compensatory, Note 2(a)	2,895,427	2,000,000
Bilingualism	2,182,419	–
Small schools, Note 2(a)	1,826,450	–
Native	1,241,656	–
Immigrant	812,920	–
Immigrant/native	–	1,918,446
Early identification, Note 2(a)	250,000	–
Heritage language	224,504	–
Capital:		
Debt servicing, Note 2(a) and Note 4	35,305,981	34,245,324
Other	7,086,773	5,021,008
Buses	5,292,622	3,211,254
Vocational equipment	1,489,695	1,585,755
Total education support, Exhibit B	$ 555,623,563	$ 509,226,790

Schedule 2

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Administrative and Other Expenses for the year ended December 31, 1985 (with 1984 figures for comparison)

	1985	1984
Board members' indemnities	$ 99,668	$ 65,613
Staff salaries, Note 7	413,138	414,818
Professional services	60,498	30,265
Travel and sundry	34,429	25,897
Printing, stationery and supplies	33,960	23,311
Equipment, Note 2(a)	28,721	11,246
Telephone	10,877	9,722
Equipment rentals	5,792	4,352
Interest charges on loans for advances of support	7,434,856	7,424,501
Total administrative and other expenses, Exhibit B	$ 8,121,939	$ 8,009,725

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to Financial Statements
December 31, 1985

1. Nature of the Board's Operations

   The Public Schools Finance Board was established by The Public Schools Finance Board Act in April 1967. The objectives of the Board are to facilitate the financing of the Government Support to Education Program for school divisions and to assist boards of school divisions in the economic operation of the school system. The Board is responsible for the administration of the support provided under the Program.

2. Significant Accounting Policies

   (a) The accounts of the Board are maintained on an accrual basis, except for: debt servicing support which is expensed on a cash basis; fixed asset purchases which are expensed in the year of acquisition; and compensatory, small schools and early identification support which is provided on a school year basis, to June 30, 1986, and expensed in the year ended December 31, 1985.

   (b) Education support requirements are determined in the first instance on the basis of financial budgets of school divisions. The amount of the funding requirements not covered by the Province is raised by municipal corporations. The excess or deficiency of revenue over expenditure is reflected in the municipal corporations' education support levies account.

   (c) The education support for previous years is adjusted based on final statistical reports and audited financial statements of the school divisions. The statement of municipal corporations' education support levies account, Exhibit C, reflects the adjustment.

3. Adjustment of Prior Years' Levies

The Board approved an adjustment of prior years' levies for uncollectible grants-in-lieu of taxes on federal government properties, where these properties were not within a school division.

4. Debt Servicing

The capital support portion of the Government Support to Education Program includes payments made to service the debenture debt of the school divisions during the fiscal year. The Board has not, however, assumed the legal liability related to the repayment of such long-term debt.

5. Commitments

As at December 31, 1985, the Board has $2,131,130 (1984 - $1,824,370) in outstanding commitments for the purchase of school buses, and $816,000 (1984 - $762,400) for vocational equipment and other capital project approvals carried forward.

6. Education Support

Effective January 1, 1985, support was provided under the new Government Support to Education Program. For 1984, support was provided under the previous Education Support Program. As a result of the change, certain figures are not comparable.

7. Staff Salaries

The Province of Manitoba provides the Board with staff for administrative purposes. A portion of the employees' salaries is charged to the Board's operations.

Manitoba

THE PUBLIC SERVICE GROUP INSURANCE FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Public Service Group Insurance Fund for the fiscal year ended April 30, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at April 30, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

January 31, 1986,
Winnipeg, Manitoba.

Exhibit A

THE PUBLIC SERVICE GROUP INSURANCE FUND

Balance Sheet
as at April 30, 1985
(with 1984 figures restated for comparison)

ASSETS

	1985	1984
Cash in bank	$ 5,841	$ 1,650
Funds on deposit with Canada Life Assurance Company	-	449,016
Investments at amortized cost, Note 2(a)(d), Schedule 4	17,499,308	13,535,534
Amounts Held By Canada Life Assurance Company:		
Employee's Group Life Insurance Plan Part of the Fund Note 5, Schedule 1	202,958	1,248,721
Disability Claims - Employee's Group Life Insurance Plan Part of the Fund	97,875	100,125
Rate Stabilization - Accidental Death and Disablement Plan Part of the Fund, Notes 10 and 12, Schedule 2	1,020,241	638,023
Accrued interest on investments	392,310	291,186
	$19,218,533	$16,264,255

LIABILITIES

Accounts payable	$ 82,945	$ 69,562
Provision for investment losses, Note 2(d), Exhibit E	152,528	108,837
Reserve (Deficit) for current and future benefits for:		
Employee's Group Life Insurance Plan Part of the Fund, Note 6, Exhibit B	17,002,068	14,789,879
Accidental Death and Disablement Plan Part of the Fund, Note 13, Exhibit C	2,036,390	1,341,998
Dependents' Group Life Insurance Plan Part of the Fund, Note 17, Exhibit D	(55,398)	(46,021)
	$19,218,533	$16,264,255

Exhibit B

THE PUBLIC SERVICE GROUP INSURANCE FUND
Employee's Group Life Insurance Plan Part of the Fund
Statement of Operations and Change in the Reserve
for the year ended April 30, 1985
(with 1984 figures restated for comparison)

	1985	1984
Income:		
Contributions, Note 2(c):		
Employees	$ 5,207,563	$ 4,312,594
Employers	2,148,732	1,890,899
Retired Employees	313,490	279,701
Total contributions	7,669,785	6,483,194
Investment income, Note 2(d):		
Interest	1,951,703	1,415,346
Amortization of discount	1,868	19,342
Transfer to provision for investment losses, Exhibit E	(41,191)	(32,007)
Total investment income	1,912,380	1,402,681
Total income	9,582,165	7,885,875
Expenditures:		
Premiums paid to Canada Life Assurance Company	7,432,390	5,705,211
Premiums deducted from funds on deposit with Canada Life Assurance Company:		
Non-contributory additional life insurance coverage, Note 8	-	302,953
Disabled benefits, Note 8	-	46,973
Administration fee charged by The Civil Service Superannuation Board	62,760	50,901
Professional fees	14,938	34,082
Other	3,720	-
Total expenditures	7,513,808	6,140,120
Excess of income over expenditures	$ 2,068,357	$ 1,745,755

Change in the Reserve

	1985	1984
Balance at beginning of year	$14,789,879	$11,819,010
Excess of income over expenditures	2,068,357	1,745,755
Experience surplus on Canada Life operations, Note 5, Schedule 1	143,832	1,225,114
Balance at end of year, Exhibit A	$17,002,068	$14,789,879

Exhibit C

THE PUBLIC SERVICE GROUP INSURANCE FUND
Accidental Death and Disablement Plan Part of the Fund
Statement of Operations and Change in the Reserve
for the year ended April 30, 1985
(with 1984 figures restated for comparison)

	1985	1984
Income:		
Contributions, employers, Note 2(c)	$ 852,962	$ 792,730
Investment income:		
Investment income - interest	177,222	87,929
Transfer to provision for investment losses, Exhibit E	(2,500)	(1,750)
Total investment income	174,722	86,179
Total income	1,027,684	878,909
Expenditures:		
Premiums paid to Canada Life Assurance Company	622,662	792,730
Administration fee charged by The Civil Service Superannuation Board	6,407	5,924
Professional fees	1,526	3,966
Total expenditures	630,595	802,620
Excess of income over expenditures	$ 397,089	$ 76,289

Change in the Reserve

	1985	1984
Balance at beginning of year	$ 1,341,998	$ 938,296
Excess of income over expenditures	397,089	76,289
Experience surplus on Canada Life operations, Note 10, Schedule 2	297,303	327,413
Balance at end of year, Exhibit A	$ 2,036,390	$ 1,341,998

Exhibit D

THE PUBLIC SERVICE GROUP INSURANCE FUND
Dependents' Group Life Plan Part of the Fund
Statement of Operations and Change in the Reserve (Deficit)
for the year ended April 30, 1985
(with 1984 figures restated for comparison)

	1985	1984
Income:		
Contributions, Note 2(c):		
Employees	$ 452,161	$ 450,772
Retired employees	34,043	30,646
Total contributions	486,204	481,418
Bank interest	465	266
Total income	486,669	481,684
Expenditures:		
Premiums paid to Canada Life	486,204	481,418
Administration fee charged by The Civil Service Superannuation Board	3,640	3,627
Professional fees	866	2,429
Other	5,336	4,238
Total expenditures	496,046	491,712
Excess of expenditures over income	$ 9,377	$ 10,028

Change in the Reserve (Deficit)

	1985	1984
Deficit at beginning of year	46,021	35,993
Excess of expenditures over income	9,377	10,028
Deficit at end of year, Note 17 Exhibit A	$ 55,398	$ 46,021

Exhibit E

THE PUBLIC SERVICE GROUP INSURANCE FUND
Statement of Changes in the Provision for Investment Losses for the year ended April 30, 1985 (with 1984 figures restated for comparison)

	1985	1984
Employee's Group Life Insurance Plan Part of the Fund		
Balance at beginning of year	105,273	73,266
Transfer in accordance with investment policy, Note 2(d), Exhibit B	$ 41,191	$ 32,007
Balance at end of year	$ 146,464	$ 105,273
Accidental Death and Disablement Plan Part of the Fund		
Balance at beginning of year	3,564	1,814
Transfer in accordance with investment policy, Note 2(d), Exhibit C	2,500	1,750
Balance at end of year	6,064	3,564
Total Provision at end of year, Exhibit A	$ 152,528	$ 108,837

Schedule 1

THE PUBLIC SERVICE GROUP INSURANCE FUND

Employee Group Life Insurance Plan Part of the Fund
Statement of Group Life Experience and Change in Amount
Held by Canada Life Assurance Company
for the year ended April 30, 1985 - Note 5
(with 1984 figures restated for comparison)

	1985	1984
Income:		
Premiums:		
Received from the Fund	$ 7,432,390	$ 5,705,211
Deducted from the deposit account:		
Non-contributory additional employee's group life insurance, Note 8	-	302,953
Disabled benefits, Note 8	-	46,973
Total premiums	7,432,390	6,055,137
Expenditures:		
Claims, Note 2(e):		
Death claims reported	6,571,713	4,469,077
Disability claims reported	469,049	194,312
Total claims	7,040,762	4,663,389
Charge for conversions	22,483	4,245
Risk charge	6,400	5,710
Premium taxes	144,589	96,128
Retention charge	74,324	60,551
Total expenditures	7,288,558	4,830,023
Experience surplus on operations, Note 5, Exhibit B	$ 143,832	$ 1,225,114
Amount held by Canada Life Assurance Company		
Balance at beginning of year	$1,248,721	$ 809,226
Experience rebate paid to the Fund	(1,248,721)	(809,226)
Experience surplus on operations	143,832	1,225,114
Transfer from Disability Claims	2,250	11,475
Interest credited	56,876	12,132
Balance at end of year, Exhibit A	$ 202,958	$ 1,248,721

Schedule 2

THE PUBLIC SERVICE GROUP INSURANCE FUND
Accidental Death and Disablement Plan Part of the Fund
Statement of Accidental Death and Disablement Experience and
Change in Amount Held By Canada Life Assurance Company
for the year ended April 30, 1985 - Note 10
(with 1984 figures restated for comparison)

	1985	1984
Income:		
Premiums received from the Fund	$ 622,662	$ 792,730
Expenditures:		
Death claims, Notes 2(e)	316,334	434,250
Claims charge	1,350	1,575
Retention charge	6,227	7,927
Risk charge	5,400	5,710
Premium taxes	(3,952)	15,855
Total expenditures	325,359	465,317
Experience surplus on operations, Note 10, Exhibit C	$ 297,303	$ 327,413
Amount Held by Canada Life Assurance Company		
Balance at beginning of year	$ 638,023	$ 288,269
Experience surplus on operations	297,303	327,413
Interest credited	84,915	22,341
Balance at end of year, Notes 10 and 12, Exhibit A	$ 1,020,241	$ 638,023

Schedule 3

THE PUBLIC SERVICE GROUP INSURANCE FUND

Dependents' Group Life Plan Part of the Fund
Statement of Dependents' Group Life Experience and
Change in the Deficit Reported by Canada Life Assurance Company
for the year ended April 30, 1985- Note 15
(with 1984 figures restated for comparison)

	1985	1984
Income:		
Premiums received from the Fund	$ 486,204	$ 481,418
Expenditures:		
Death claims, Note 2(e)	537,000	421,500
Expenses	6,712	6,289
Conversion charges	620	2,030
Premium taxes	9,724	9,628
Total expenditures	554,056	439,447
Experience surplus (deficit) on operations, Note 15	$ (67,852)	$ 41,971

Change in the Deficit Reported by Canada Life Assurance Company

	1985	1984
Deficit at beginning of year	$ 90,698	$ 132,669
Experience (surplus) deficit on operations	67,852	(41,971)
Deficit at end of year, Note 16	$ 158,550	$ 90,698

Schedule 4

THE PUBLIC SERVICE GROUP INSURANCE FUND
Summary of Investments
as at April 30, 1985

	Par Value	Book Value
Short term investments with the Minister of Finance		$ 8,572,884
Bonds and debentures:		
Government of Canada	$ 8,500,000	8,446,216
Ontario Hydro	500,000	480,208
	$ 9,000,000	8,926,424
Total investments - Exhibit A		$17,499,308
Allocation to the Plan Parts, Note 2(a):		
Employee Group Life Insurance Plan Part of the Fund		16,479,232
Accidental Death and Disablement Plan Part of the Fund		1,020,076
		$17,499,308

THE PUBLIC SERVICE GROUP INSURANCE FUND
Notes to Financial Statements
for the year ended April 30, 1985

1. Nature of operation:

The Public Servants Insurance Act provides for the establishment of a Fund to be known as the Public Service Group Insurance Fund. The Fund is responsible for the administration of the group insurance policies entered into by the Government and the Insurer. The Fund's operations are split into three parts and reported separately for:
 the Employee's Group Life Insurance Plan Part
 the Accidental Death and Disablement Plan Part, and
 the Dependents' Group Life Insurance Plan Part.
This split is consistent with the financial arrangements with the Insurance Company.

2. Significant accounting policies:

The Fund's fiscal year coincides with the insurance policy year. The financial statements reflect the results of transactions based on the following significant accounting policies:

(a) Funds available for investment are pooled and in order to allocate investment income, the investments acquired are allocated to the Plans on the basis of their accumulated reserves.

(b) Direct costs are charged to each Plan. The Civil Service Superannuation Board administration fee and other administration costs that are not identified as direct costs are allocated between Plans based on the proportion of each Plan's contributions to total contributions for all Plans.

(c) Contributions include an accrual in respect of the partial insured period ending April 30th for each insurance policy year.

(d) The provision for investment losses, shown in the Balance Sheet, does not reflect a valuation of the investments, but is maintained to stabilize and even out the investment income.

The investment income measurement policies consist of:

Premiums on bonds and debentures in excess of one percent of par value are amortized on a straight line basis over the remaining term and are charged to the provision for investment losses. All other premiums on investments are charged to the provision in the year of acquisition.

Discounts on bonds and debentures within or equal to one percent of par value are credited to income in the year of acquisition. All other discounts on investments are amortized on a straight line basis over the remaining or renewable term and are credited to income.

Investment income is reduced annually by 1/4 of 1% of the book value of investments to a maximum of the provision not exceeding 3% of the book value of the investments and the amount of the reduction is credited to the provision.

Differences between amounts realized from the redemption or sale of investments and their book value are reflected in the provision.

(e) Claims recorded also include claims for a fiscal year which were processed within five months after the fiscal year end. There were no reported claims unrecorded as at April 30, 1984 and April 30, 1985.

3. Actuarial reports:

The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, a triennial actuarial valuation and report is required to be made on the status of the Fund. The actuarial report as at December 31, 1982 disclosed an actuarial surplus of $5,396,052 in the Employees' Group Life Insurance Plan Part of the Fund, an actuarial surplus of $1,964,199 in the Accidental Death and Disablement Insurance Plan Part of the Fund, and an actuarial surplus of $4,343 in the Dependents' Group life Insurance Plan Part of the Fund. The actuarial valuation as at December 31, 1985 has not been completed.

Employee's Group Life Insurance Plan Part of the Fund

4. Maximum group life insurance coverage:

The maximum amount of Employees' Group Life Insurance was $82,750 from June 1, 1981 to May 31, 1983 and included a 5% dividend to a maximum of $2,500. The term of the dividend of 5% was extended from June 1, 1983 to June 30, 1984.

Effective July 1, 1984 the maximum amount of Employees' Group Life Insurance was increased to four times annual salary to a maximum annual salary of $37,500 providing insurance of $150,000, plus a dividend to a maximum of $8,025, amounting to total maximum coverage of $158,025.

5. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Group Life Insurance Policy (Schedule 1). The Insurer agrees to pay the full amount of any surplus determined, less any deficits carried forward from prior years.

THE PUBLIC SERVICE GROUP INSURANCE FUND

Notes to Financial Statements
for the year ended April 30, 1985 (cont.)

6. Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date. If on the final settlement date there is a surplus, after taking into account any surplus or deficit carried forward from previous years, the Insurer will pay the surplus as a final refund to the Fund. If there is a deficit, after taking into account any surplus or deficit carried forward from prior years, the Fund will pay the Insurer the amount of such deficit out of its Employee's Group Life Insurance Reserve and to the extent that such reserve is insufficient, payment will be made by the Province of Manitoba.

7. Interest:

Interest will be added to any surplus or deficit from the end of the policy year on which the surplus or deficit is incurred, to the date of payment or recovery. The rates of interest are negotiated with the Insurer annually.

8. Presentation of increased benefits:

In previous years, the funds on deposit with Canada Life Assurance Company were charged the additional premium pertaining to the additional non-contributory employees' group life insurance (dividend) and waiver of premium for the disabled benefits. The financial arrangement with the Insurer has been amended effective with the current policy year and the regular premium paid out of contributions covers these items.

9. Maximum claim charge:

The claim charge to the Employee's Group Life Insurance Plan arising from a multiple death catastrophe is subject to an overall maximum of $450,000 being three times the maximum individual claim with any excess absorbed by the Insurance Company.

Accidental Death and Disablement Plan Part of the Fund

10. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Accidental Death and Disablement Benefit Policy (Schedule 2). The surplus or deficit at the end of the policy year will be carried forward and accumulated for the three year policy period. The cumulative net surplus, if any, will be paid to the Fund as an experience rating refund after the three year policy period. The cumulative net deficit, if any, will be carried forward to be recovered against future surplus.

11. Interest:

Interest will be added to any surplus or deficit from the end of the policy year in which the surplus or deficit is incurred to the date of payment or recovery. The rates of interest are negotiated with the Insurer annually.

12. Policy period May 1, 1982 to April 30, 1985:

The three year policy term under the Accidental Death and Disablement Plan Part of the Fund expired April 30, 1985 with an accumulated surplus experience and interest of $1,020,241. The Insurance Company transferred $820,241 to the Fund subsequent to April 30, 1985 for the three year period ending April 30, 1985 which represented the total surplus plus interest for the three year period ending April 30, 1985 less an amount of $200,000 which was withheld for two denied claims that may be litigated by the claimants. A new three year policy under the Accidental Death and Disablement Plan Part of the Fund commenced May 1, 1985.

13. Termination:

If this policy is terminated, the surplus or deficit will be determined on a final settlement date. If on the final settlement date there is a surplus, after taking into account any surplus or deficit carried forward from previous years, the Insurer will pay the surplus as a refund to the Fund. If there is a deficit, after taking into account any surplus or deficit carried forward from previous years, the Fund will pay the Insurer the amount of such deficit out of its Accidental Death and Disablement Reserve and to the extent that such reserve is insufficient, payment will be made by the Province of Manitoba.

14. Maximum claim charge:

The claim charge to the Accidental Death and Disablement Plan arising from a multiple death catastrophe is subject to an overall maximum of $225,000 being three times the maximum individual claim with any excess absorbed by the Insurance Company.

Dependent's Insurance Plan Part of the Fund

15. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Dependent's Insurance Policy (Schedule 3). If there is a surplus at the end of a policy year, after taking into account any deficit carried forward from previous years, the Insurer will pay the surplus to the Fund.

16. Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date. The Insurer will pay the Fund any cumulative surplus after taking into account surplus or deficits carried forward from previous years. Any cumulative net deficit will be written off by the Insurer (Schedule 3).

17. Reserve (Deficit):

The Dependent's Group Life Insurance Plan Reserve for Current and Future Benefits is in a deficit position (Exhibit D). This deficit will only be recoverable if the Dependent's Group Life Insurance Plan Part of the Fund generates a surplus. Upon the authorization of the Board, any deficit remaining at the completion of the term will have to be absorbed by the other Parts of the Fund.

The actuarial projections are favourable and the deficit is considered recoverable from future surplus.

Manitoba

THE PUBLIC TRUSTEE OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Public Trustee of Manitoba for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of affairs of the estates and trusts under jurisdiction of the Public Trustee as at March 31, 1986 and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, C.A.,
Provincial Auditor.

August 8, 1986,
Winnipeg, Manitoba.

Exhibit A

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Balance Sheet of estates and trusts under administration
as at March 31, 1986
(with 1985 figures for comparison)

ASSETS

	1986	1985
Cash on hand and in bank:		
General	$ 1,157,893	$ 433,247
Accountable advance	2,661	1,983
	1,160,554	435,230
Expenditures recoverable from estates and trusts (Note 2 (a))	4,839	5,312
Common fund investments (Notes 2(b) and 7)	58,182,325	49,344,599
Term deposits, investment certificates and treasury bills, at par value	2,658,306	2,267,668
Government of Canada and other bonds, at par value	10,425,653	13,857,231
Shares of capital stock and mutual funds (Note 2(c))	2,341,064	1,818,683
Annuity contracts (Note 2(d))	95,214	100,441
Accounts receivable (Note 2(e))	103,339	73,302
Rentals receivable (Note 2(e))	952	2,053
Notes receivable, principal (Note 2(f))	176,242	110,784
Mortgages and agreements receivable (Note 2(f))	67,974	64,682
Interests in other estates (Note 2(g))	6,075	2,145
Real estate (Note 2(h))	3,481,979	3,140,853
	$ 78,704,516	$ 71,222,983

LIABILITIES

	1986	1985
Liabilities of estates:		
Mortgages, notes and agreements payable (Note 2(i))	$ 163,435	$ -
Public Trustee, fees payable (Note 3)	13,579	14,760
	177,014	14,760
Government of the Province of Manitoba:		
The Public Trustee accountable advance	7,500	7,500
Estates and trusts under administration: (Note 2)		
Excess of recorded value of assets over liabilities:		
The Mental Health Act	54,464,014	50,229,024
The Public Trustee Act	24,055,988	20,971,699
	$ 78,704,516	$ 71,222,983

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Statement of Receipts and Disbursements
for the year ended March 31, 1986
(with 1985 figures for comparison)

RECEIPTS

	1986	1985
Funds held by estates and trusts brought under administration	$ 6,041,369	$ 5,552,455
Realization of equities in other estates	863,093	706,121
Pensions, compensation and assistance	9,337,978	8,354,158
Sickness, disability and other insurance benefits	1,368,079	853,955
Collections on account of:		
Accounts receivable	95,458	74,439
Rentals and leases receivable	216,027	312,072
Mortgages and agreements receivable	38,965	27,283
	350,450	413,794
Sale of chattels	129,537	181,325
Sale of real estate	1,016,163	831,986
Interest - bonds and investment certificates	8,216,717	7,071,851
Dividends	108,453	64,029
Bank interest	61,547	8,314
Statutory fees collected (Note 4)	7,073	11,123
Total receipts, before sale or redemption of securities	27,500,459	24,049,111
Sale or redemption of securities	48,147,052	21,248,996
Cash on hand and in bank at beginning of year	433,247	798,961
	$ 76,080,758	$ 46,097,068

DISBURSEMENTS

	1986	1985
Payments on account of:		
Accounts payable discharged	$ 270,517	$ 121,940
Mortgages and agreements payable	94,559	26,081
Real estate purchases	7,479	29,855
	372,555	177,876
Maintenance:		
Maintenance incurred in hospitals prior to June 30, 1958	139,368	164,096
Board, room and other expenses (Note 5)	8,073,994	6,193,294
	8,213,362	6,357,390
Preservation of estates:		
Realty and income taxes	921,026	671,884
Insurance	39,228	26,013
Repairs	73,721	54,253
Sundry	583,882	516,362
	1,617,857	1,268,512
Support of dependents	67,999	60,259
Administration and passing of accounts (Note 3)	2,278,834	1,845,152
Burial expenses	520,499	454,334
Estates and trusts released from administration	7,965,884	6,195,410
Statutory fees remitted (Note 4)	7,073	11,123
Total disbursements, before purchase of securities	21,044,063	16,370,056
Purchase of securities	53,878,802	29,293,765
Cash on hand and in bank at end of year	1,157,893	433,247
	$ 76,080,758	$ 46,097,068

Exhibit B

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1986

1. Role and Objective

The Public Trustee acts on behalf of persons affected by various disabilities, mental disorders, age and death. The Public Trustee is considered to be an appointment of last resort and therefore provides a public service, generally, where there is no competent or acceptable person available to provide the required service.

2. Significant Accounting Policies

Statement of Receipts and Disbursements

The Statement of Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the position on a modified accrual basis with the following exceptions:

A. Assets

All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings.

B. Liabilities

Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(i).

The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

a) Expenditures Recoverable from Estates and Trusts

Expenditures recoverable from estates and trusts represent disbursements made on behalf of estates or trusts for which funds were not immediately available; these expenditures will be charged to the estates or trusts concerned in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of the Attorney-General, Province of Manitoba.

b) Common Fund Investments

Investments of the common fund, established pursuant to Section 7.1(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

c) Shares of Capital Stock and Mutual Funds

(i) Mental Health and Infant Trusts

The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.00.

Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1.00 where market value is not readily available.

All shares purchased by the Public Trustee are recorded at cost.

(ii) Estates of Deceased Persons

Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares purchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1.00 are used.

Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $2,340,963 (1985 - $1,818,570), with the balance of the account representing share certificates of a nominal value of $1.00 each.

d) Annuity Contracts

Determinable receivables amount to $94,884 at March 31, 1986 (1985 - $100,123), with the balance of the account represented by receivables recorded at a nominal value of $1.00 each.

e) Accounts Receivable and Rentals Receivable

Determinable accounts receivable and rentals receivable amount to $103,694 at March 31, 1986 (1985 - $74,819), with the balance of the account represented by accounts and rentals receivables recorded at a nominal value of $1.00 each.

f) Notes, Mortgages and Agreements Receivable

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is not recorded by the Public Trustee until such time as it is received.

g) Interests in Other Estates

Determinable interests in other estates amounts to $6,018 at March 31, 1986 (1985 - $2,092), with the balance of the account represented by interests in other estates recorded at a nominal value of $1.00 each.

h) Real Estate

Real estate is valued at a multiple of five times the assessed value on the property tax notice and amounts to $3,481,684 at March 31, 1986 (1985 - $3,140,578); the balance of the account, represented by burial plots, mines and mineral rights and mobile homes, are recorded at a nominal value of $1.00 each.

i) Mortgages, Notes and Agreements Payable

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is not recorded until it is paid.

3. Administration Fees

Under Section 10 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1986

4. Statutory Fees

Under Section 84(3) of The Queen's Bench Act and Section 82 of The Surrogate Courts Act, the Public Trustee of Manitoba provides legal services for estates and trusts not under his administation. Fees for these services are recorded as receipts and remitted to the Government of the Province of Manitoba.

5. Board, Room and Other Expenses

Board, room and other expenses reflect payments made for current general living expenses, including clothing, comforts, medical, nursing home costs, etc., during periods of supervision, probation and hospitalization.

6. Administration Costs

Administration costs of the Public Trustee of Manitoba are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

7. Common Fund - Summary of Investments

The investments of the Common Fund consist of the following:

	1986	1986	1985
	Par Value	Book Value	
Term deposits and investment certificates	$ 13,600,000	$ 13,600,893	$ 7,304,022
Government of Canada bonds	32,540,000	33,006,669	34,067,999
Province of Manitoba bonds	4,150,000	4,144,997	4,141,293
Province of Ontario bonds	1,900,000	1,896,027	1,894,129
Ontario Hydro-Electric bonds	4,600,000	4,836,889	542,419
B.C. Housing and Employment Development Financing Authority bonds	-	-	700,000
Federal Business Development Bank Euro-Canadian debentures	700,000	696,850	694,737
	$ 57,490,000	$ 58,182,325	$ 49,344,599

Manitoba

THE TEACHERS' RETIREMENT ALLOWANCES FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of The Teachers' Retirement Allowances Fund for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

June 23, 1986,
Winnipeg, Manitoba.

Exhibit A

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Balance Sheet
as at December 31, 1985
(with 1984 figures for comparison)

ASSETS

	1985	1984
Investments, Schedule 1	$ 405,778,345	$ 352,249,190
Unamortized net adjustment to book value of securities sold before maturity	124,722	155,600
Accrued interest on investments	4,803,358	4,872,660
Investment income receivable	989,668	481,749
Balance of teacher and school division contributions owing by school divisions	2,373,570	2,414,587
Computer equipment, Note 1(F) at cost, less accumulated amortization: 1985 - $25,002 (1984-$10,666)	107,767	95,888
Cash on hand and in bank (book overdraft)	280,710	(13,420)
	$ 414,458,140	$ 360,256,254

LIABILITIES

	1985	1984
Balance of Province of Manitoba account	$ (87,000)	$ (115,472)
Benefit Reserves, Exhibit B:		
Reserves for teachers' share of benefits:		
Basic	379,143,556	329,957,638
Pension indexing adjustments	33,576,226	28,933,736
Money Purchase Account, Note 3	120,989	--
Reserves for employers' share of benefits:		
Manitoba Teachers' Society	1,152,036	1,008,717
Manitoba Association of School Trustees	113,100	94,187
	414,105,907	359,994,278
Reserve for Fund's share of employees' pension benefits, Note 1(E)	439,233	377,448
	$ 414,458,140	$ 360,256,254

Exhibit B

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Statement of Changes in Benefit Reserves
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985						1984
	Reserve for Teachers' Share of Benefits		Money Purchase Account	Reserve for Employers' Share of Benefits			
	Basic	Pension Indexing Adjustments		Manitoba Teachers' Society	Manitoba Association of School Trustees	Total	Total
Additions:							
Contributions:							
Teachers	$ 26,559,275	$ 4,654,538	$ —	$ —	$ —	$ 31,213,813	$ 29,580,058
Province of Manitoba:							
Share of benefits charged	16,436,923	—	—	—	—	16,436,923	14,705,313
Re: Actuarial liability created by 1970 and 1973 amendments	1,613,300	—	—	—	—	1,613,300	1,613,300
Prior rural service of certain Winnipeg teachers	133,351	—	—	—	—	133,351	134,780
Manitoba Teachers' Society	—	—	—	67,095	—	67,095	75,384
Manitoba Association of School Trustees	—	—	—	—	8,000	8,000	7,711
Other - Transfers under reciprocal agreements	909,930	—	—	—	—	909,930	522,441
Total contributions	45,652,779	4,654,538	—	67,095	8,000	50,382,412	46,638,987
Investment Income, Schedule 2, Note 1	35,605,424	3,769,429	10,014	110,060	10,913	39,505,840	28,697,174
Total additions	81,258,203	8,423,967	10,014	177,155	18,913	89,888,252	75,336,161
Deductions:							
Pensions paid	28,276,688	3,781,477	—	33,836	—	32,092,001	28,522,290
Contributions refunded	1,914,247	—	—	—	—	1,914,247	1,980,111
Transfers under reciprocal agreements	1,061,417	—	—	—	—	1,061,417	218,863
Administrative expenses	708,958	—	—	—	—	708,958	659,868
Total deductions	31,961,310	3,781,477	—	33,836	—	35,776,623	31,381,132
Transfer of Spousal Interests	(110,975)	—	110,975	—	—	—	—
Net increase for year	49,185,918	4,642,490	120,989	143,319	18,913	54,111,629	43,955,029
Balance at beginning of year, before restatement	329,761,020	28,933,736	—	1,008,717	94,187	359,797,660	315,997,769
Adjustment prior year Note 2	196,618	—	—	—	—	196,618	41,480
Balance at beginning of year, restated	329,957,638	28,933,736	—	1,008,717	94,187	359,994,278	316,039,249
Balance at end of year, Exhibit A	$ 379,143,556	$ 33,576,226	$ 120,989	$ 1,152,036	$ 113,100	$ 414,105,907	$ 359,994,278

Schedule 1

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investments
as at December 31, 1985

	Par Value	Book Value
Fixed income longer term investments:		
Bonds and debentures issued by, or guaranteed by, the following:		
Canada	$ 33,043,750	$ 27,972,559
Province of Alberta	165,000	164,768
Province of British Columbia	324,000	321,960
Province of Manitoba	23,823,000	23,789,869
Province of New Brunswick	965,000	962,006
Province of Newfoundland	1,150,000	1,144,015
Province of Nova Scotia	270,000	268,209
Province of Ontario	1,400,000	1,395,416
Province of Prince Edward Island	740,000	732,328
Province of Quebec	860,000	857,358
Province of Saskatchewan	200,000	198,590
Hospital Districts	6,522,000	6,500,626
Municipal corporations	9,778,305	9,749,823
Corporations	60,228,832	58,313,040
Managed bond fund	10,000,000	10,000,000
	149,469,887	142,370,567
Mortgages:		
Insured:		
National Housing Act (Canada)	67,579,907	66,878,805
Other	7,052,048	6,927,583
Uninsured	14,700,996	14,680,296
	89,332,951	
Total fixed income longer term investments at amortized cost		230,857,251
Less: Provision for capital losses, Note 1(B)(i)		1,763,259
Net fixed income longer term investments, carried forward		$ 229,093,992

Schedule 1

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investments as at December 31, 1985

	Book Value
Brought forward	$ 229,093,992
Non-fixed income investments:	
Real estate equity investments:	
Common shares	22,863,966
Participating bonds	38,710,364
Qualifying shares	30,000
Total real estate equity investments at appraised values	61,604,330
Less: Provision for decline in appraised values	1,728,684
Net real estate equity investments	59,875,646
Direct natural resource investments:	
Shares and notes, at cost plus interest in retained earnings	14,822,377
Investment in subsidiary, Note 2	6,525,146
Total direct natural resource investments	21,347,523
Venture capital equity investments, at cost	9,249,169
Mortgage investment corporation shares, at cost	1,612,015
Total non-fixed income investments	92,084,353
Short Term notes, at cost	84,600,000
Total Investments, Exhibit A	$ 405,778,345

Schedule 2

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investment Income
for the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Fixed income longer term investments:		
Interest	$ 26,111,969	$ 24,086,957
Amortization of discounts and premiums	451,426	349,255
	26,563,395	24,436,212
Less: Allocation to provision for capital losses	547,577	522,515
	26,015,818	23,913,697
Non-fixed income investments:		
Real estate equity:		
Interest and dividends	4,703,509	3,677,313
Adjustment due to changes in book value of investments	503,977	354,696
	5,207,486	4,032,009
Direct natural resources:		
Income from subsidiary, Note 2	1,080,153	608,106
Dividends	677,004	87,000
Adjustments due to changes in book value of investments	(82,987)	161,494
	1,674,170	856,600
Venture capital equity:		
Dividends	81,232	10,787
Mortgage investment corporations:		
Dividends	153,826	144,024
Canadian Commercial Bank:		
Dividends	44,898	73,164
Adjustment due to changes in book value of investments, Note 1(B)(ii)	(1,660,863)	(6,327,136)
	(1,615,965)	(6,253,972)
Short term notes:		
Interest	8,032,679	6,031,358
Total investment income	39,549,246	28,734,503
Less: Allocated to reserve for Fund's share of employees' pension benefits	43,406	37,329
Net investment income, Exhibit B	$ 39,505,840	$ 28,697,174

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Notes to the Financial Statements
for the year ended December 31, 1985

1. Significant Accounting Policies:

The significant accounting policies are summarized below:

(A) The Fund follows the accrual basis of accounting in all cases where the amount of the accrual is material, specifically teacher contributions and investment income.

(B) The investment income measurement policies consist of:

(i) Fixed income investments:

Income on fixed income investments includes the net effect of amortization of discounts and premiums on securities held as well as amortization of book losses on bonds sold before maturity in order to acquire other securities for an increase in net yield.

One quarter of 1% of the weighted average monthly book value during the year of fixed income longer term investments is allocated to a provision for capital losses and any actual losses realized are charged against the provision.

(ii) Equity investments:

Where valuation information is available, which is considered by the Investment Committee to be reliable, equity investments are adjusted to reflect the change in their values. One-half of any unrealized appreciation is taken into income in the year and the balance is credited to the provision for valuation declines. In any year that the valuations decrease, the whole of the decrease is charged to the provision. When an investment is sold, the balance in the provision pertaining to the investment sold is transferred to income. As a result of the failure of the Canadian Commercial Bank in 1985, the carried value of these securities has been written down to a nominal value of $1 and the book loss of $1,660,863 has been applied as a reduction of 1985 investment income.

(iii) Real estate equity investments:

The same income measurement policy that applies to the Fund's other equity investments has been adopted for real estate equity investments. The Board has recognized appraised values of the underlying properties on real estate investments for purposes of this policy. Appraisals are done by management and test verified by independent appraisers at September 30 in each year. The Fund's share of the appraisal surplus on that date is reflected in the accounts. Transactions recorded as a result of this policy were as follows:

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Notes to the Financial Statements
for the year ended December 31, 1985

	Appraisal Surplus	Added to Investment Income	Added to Provision for Market Declines
As at December 31, 1980	$ 6,749,000	$ 3,374,000	$ 3,375,000
Year ended December 31, 1981	7,688,000	3,844,000	3,844,000
Year ended December 31, 1982	(1,754,000)		(1,754,000)
Year ended December 31, 1983	(2,174,000)		(2,174,000)
Year ended December 31, 1984	(550,000)		(550,000)
Year ended December 31, 1985	(1,012,316)		(1,012,316)
Balances, December 31, 1985	8,946,684		$ 1,728,684
Real estate investments, cost	52,657,646		
Real estate investments, appraised value	$61,604,330		

(iv) Investment in Subsidiary is accounted for on the Equity Method. On this basis, the net income of the wholly owned subsidiary, Teachers' Retirement Resources Investment Corporation of Manitoba, Inc., is recognized as income to the fund and increases the carrying value of the investment.

(C) Pension Indexing Adjustment Reserve:

An allocation of teachers' contributions is made in accordance with the Act to the reserve. Interest is allocated to the reserve on the basis of the average rate earned by the Fund on total new fixed income investments made since establishment of the reserve.

Cost of living pension adjustment payments are calculated effective July 1 in each year and are based on the lesser of the increase in the Canadian Consumer Price Index for the preceding calendar year, or the amount, determined by an actuarial review, that could be paid without resulting in an unfunded liability in the reserve.

(D) The financial statements do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, an actuarial valuation and report is required every 3 years. The most recent actuarial report as at January 1, 1984, disclosed a surplus of $37,677,206 compared to an unfunded liability of $19,506,225 at January 1, 1981. This most recent valuation did not make allowance for the financial effect of changes required to be made as a result of amendments to The Pension Benefits Act and the Actuary advised that it is possible that all of the surplus will be required to finance the resulting increase in liabilities.

(E) Reserve for Fund's share of employees' pension benefits:

A portion of the Fund was allocated to provide for the Fund's accrued actuarial liability based on an actuarial report at December 31, 1980. The report provided a method of allocating funds to the Reserve each year between triennial valuations to recognize the annual increase in this liability and for adjustments to be made for actual experience at each valuation. Transactions affecting the Reserve in 1985 and 1984 were as follows:

	1985	1984
Balance, beginning of year	$ 377,448	$ 300,648
Charged to Administrative expenses:		
Adjustment re Actuarial Valuation at December 31, 1983	—	23,952
Required employer contributions	21,198	18,433
Interest allocated from investment income	43,406	37,329
	442,052	380,362
Less: Fund's share of pension payments	2,819	2,914
Balance, end of year	$ 439,233	$ 377,448

(F) Computer:

Computer equipment is capitalized and is amortized on a straight line basis over five years.

2. Investment in Subsidiary:

The Teachers' Retirement Resources Investment Corporation of Manitoba Inc., a wholly owned subsidiary of the Fund, was incorporated on July 13, 1983, for the purpose of participating in the energy resource sector on behalf of the Fund.

During 1985, the subsidiary retroactively changed its method of accounting for its investments to the equity basis. Previously income was deemed to have been earned at the lesser of a Government of Canada long term bond rate at the commitment date, plus 5%, or the amount received.

The effect of this change in policy by the subsidiary has been to increase the book value of the investment in the subsidiary and of the basic reserve for Teachers' Share of Benefits by $241,655 (1984 - $196,618).

The Fund's investments shown in Schedule 1 include $5,245,307 recoverable advances provided by the Fund to the Corporation, the retained earnings of the Corporation, $1,279,739, and an amount of $100 representing the capital stock issued by the Corporation. Net income resulting from the Corporation's operations is recognized as income of the Fund.

3. Money Purchase Account:

The Teachers' Retirement Allowances Fund Board has established rules for the Money Purchase Account in accordance with Section 68 of The Teachers' Pensions Act. Under these rules, eligible individuals may transfer to the Money Purchase Account an amount from the Fund, the pension plan of a prior employer, or a locked-in registered retirement savings plan, to provide for an annuity or other settlement in the future. The Money Purchase Account is accounted for separately by the Board. The Board charges an annual administrative fee of 1% of the average value of the assets in the plan. The accumulated value of the eligible individual's account, upon election of an annuity under the Money Purchase Account, will be transferred to an Annuity Reserve part of the Benefit Reserves.

MEYERS
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CHARTERED ACCOUNTANTS

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J.G. CRISTALL, C.A.
J.W. McWHIRTER, C.A.

7th March 1986

The Members of the Board
Turtle Mountain Conservation District No. 4

AUDITORS' REPORT

We have examined the balance sheet of Turtle Mountain Conservation District No. 4 as at 31st December 1985 and the statements of revenue and expenditures - surplus (deficit) for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at 31st December 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountants

STATEMENT 1

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

BALANCE SHEET AS AT 31ST DECEMBER 1985

	1985	1984
ASSETS		
CURRENT ASSETS		
Cash	51,920	46,783
Accounts receivable - Note 2	9,761	
Prepaid expenses	434	7,549
	62,115	54,332
FIXED ASSETS - Note 3	6,389	9,009
	68,504	63,341
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	37,665	41,576
Unearned revenue	2,932	
	40,597	41,576
SURPLUS (DEFICIT)		
GENERAL BOARD PROGRAM - Statement 2	22,916	19,505
SUB-DISTRICT PROGRAM - Statement 3	(6,034)	(8,293)
EQUIPMENT PROGRAM - Statement 4	6,025	5,553
EQUIPMENT RESERVE	5,000	5,000
	27,907	21,765
	68,504	63,341

STATEMENT 2

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF REVENUE AND EXPENDITURES - SURPLUS - GENERAL BOARD PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
REVENUE		
Municipal levies	25,300	16,867
Province of Manitoba	84,642	135,187
Soils committee	13,183	8,500
Recreation committee	198	47
Miscellaneous	2,985	
Interest	439	977
	126,747	161,578
EXPENDITURES		
Administrative		
Administration - Conservation District Authority	1,215	2,677
Administration - General	15,237	12,458
Administration - Local	530	518
Board and committee remuneration	3,960	4,500
Depreciation - office equipment	430	548
Depreciation - support program	40	40
District Supervisor - salary	27,547	27,451
District Supervisor - expenses	4,375	3,587
	53,334	51,779
Special Programs		
Demonstration programs	398	115
Forage seed assistance	35,419	32,690
Gully stabilization	4,558	5,761
Land ethnic committee	3,054	1,620
Moicur Nature Centre		56,000
Public education	1,820	3,773
Recreation committee	3,358	
Road allowance program	2,903	5,169
Rodent control		32
Shelter Belt program	1,324	6,629
Wildlands committee	239	702
Wildlife Habitat improvement - uplands	8,929	2,921
Wildlife Habitat improvement - wetlands	3,000	2,107
	65,002	117,519
TOTAL EXPENDITURES	118,336	169,298
TRANSFER TO SUB-DISTRICT PROGRAM	5,000	
TRANSFER TO EQUIPMENT RESERVE		1,000
	123,336	170,298
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	3,411	(8,720)
SURPLUS		
Balance - Beginning of year	19,505	28,225
Balance - End of year	22,916	19,505

STATEMENT 3

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF REVENUE AND EXPENDITURES - SURPLUS (DEFICIT) - SUB-DISTRICT PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	Upper Pembina #59	Waskada Creek #65
REVENUE		
Municipal levies	7,804	6,942
Province of Manitoba	17,075	20,497
Ducks Unlimited Grant		
Transfer from Board Program		
	24,879	27,439
EXPENDITURES		
Multi-use reservoir		
Runway stabilization	15,170	24,250
Water storage	8,139	3,300
	23,309	27,550
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,570	(111)
SURPLUS		
Balance (at deficit) - Beginning of year	1,574	3,546
Balance (at deficit) - End of year	3,144	3,435

STATEMENT 3

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF REVENUE AND EXPENDITURES - SURPLUS (DEFICIT) - SUB-DISTRICT PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

Medora Creek #66	Chain Lakes #67	Elgin Creek #68	Total 1985	Total 1984
10,410	2,792	4,627	32,575	32,575
42,733	19,055	17,005	116,365	186,510
				5,000
	5,000		5,000	
53,143	26,847	21,632	153,940	224,085
	21,172		21,172	128,907
52,336		18,828	110,584	99,774
4,641		3,845	19,925	7,995
56,977	21,172	22,673	151,681	236,676
(3,834)	5,675	(1,041)	2,259	(12,591)
861	(15,044)	770	(8,293)	4,298
(2,973)	(9,369)	(271)	(6,034)	(8,293)

STATEMENT 4

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF REVENUE AND EXPENDITURES - SURPLUS - EQUIPMENT PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
REVENUE	4,153	8,430
EXPENDITURES		
Repairs and maintenance	1,532	2,834
Depreciation	2,149	2,224
	3,681	5,058
EXCESS OF REVENUE OVER EXPENDITURES	472	3,372
LOSS ON DISPOSAL OF EQUIPMENT		474
	472	2,898
SURPLUS		
Balance - Beginning of year	5,553	2,655
Balance - End of year	6,025	5,553

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1985

NOTE 1 - ACCOUNTING POLICIES

Fixed Assets

Fixed assets are recorded at cost.

Depreciation

Depreciation is recorded on the straight line method at the following rates:

Office equipment	15%
Program Support equipment	
- Hudson sprayer	15%
- Even-spray sprayer	10%
Field equipment	
- Tractor	15%
- Other	10%

NOTE 2 - ACCOUNTS RECEIVABLE

The accounts receivable are composed of the following:

	1985	1984
Trade accounts	491	1,698
Conservation District Authority of Manitoba	7,248	4,193
Municipalities	2,022	1,658
	9,761	7,549

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1985

NOTE 3 - FIXED ASSETS

The following is a summary of the fixed asset and accumulated depreciation accounts:

	Balance Beginning Of Year	Additions	Balance End Of Year
Fixed Assets			
Office equipment	3,671		3,671
Program support equipment	367		367
Field equipment			
- Tractor	12,859		12,859
- Other	2,205		2,205
	19,102		19,102
Accumulated Depreciation			
Office equipment	2,500	430	2,930
Program support equipment	140	41	181
Field equipment			
- Tractor	4,983	1,929	6,912
- Other	2,470	220	2,690
	10,093	2,620	12,713
Net Book Value	9,009		6,389

AUDITOR'S REPORT

To the Board of Directors of the Turtle River Watershed Conservation District:

I have examined the Balance Sheet of the Turtle River Watershed Conservation District as at December 31st, 1985 and the other statements, being Exhibits "B" to "G" inclusive. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these Financial Statements present fairly the financial position of the Organization as at December 31st, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

F.D. ZAPLITNY,
Chartered Accountant

DAUPHIN, Manitoba
May 23rd, 1986

EXHIBIT "A"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

BALANCE SHEET
As at December 31st, 1985 and 1984

	1985	1984
ASSETS		
Current Assets -		
Cash on Hand and in Bank	$ 37,660	25,917
Accounts Receivable	99,250	27,312
Total Current Assets	136,910	53,229
Fixed Assets, at Book Value	10,255	5,334
Total	$ 147,165	58,563
LIABILITIES AND SURPLUS		
Current Liabilities -		
Accounts Payable	$ 110,980	45,187
Total Current Liabilities	110,980	45,187
Watershed Accounts -		
Sub-District Program Account - Exhibit "B"	1,658	(8,789)
General Board Program - Exhibit "C"	12,283	8,717
Emergency Reserve Account - Exhibit "D"	16,789	13,788
Equipment Account - Exhibit "F"	(832)	(340)
Soil Management Account - Exhibit "G"	6,287	
	36,185	13,376
Total	$ 147,165	58,563

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "B"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF SUB-DISTRICT PROGRAM ACCCOUNT
REVENUE AND EXPENDITURE
For the Years Ended December 31st, 1985 and 1984

	Sub-District 44	Sub-District 45	Sub-District 46	1985 Totals	1984 Totals
Revenue -					
Municipal Levies	$ 5,528	9,045	2,177	16,750	21,599
Municipal Grants	17,887	36,415		54,302	49,387
Province of Manitoba Allocated Grant	64,899	118,486		183,385	235,528
Transfers					2,411
	88,314	163,946	2,177	254,437	308,925
Expenditures -					
Crossing Repairs					39,475
Brush and Weed Control					24,892
Channel Maintenance	50,740			50,740	31,393
Channel Improvements	13,540			13,540	51,333
Channel Construction	24,809	100,556		125,365	167,039
Structures & Culverts		54,345		54,345	
	89,089	154,901		243,990	314,132
Revenue Over (Under) Expenditures	(775)	9,045	2,177	10,447	(5,207)
Add - Opening Balance	870	(12,275)	2,616	(8,789)	(3,582)
Closing Balance	95	(3,230)	4,793	1,658	(8,789)

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "C"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF GENERAL BOARD PROGRAM ACCOUNT
REVENUE AND EXPENDITURE
For the Years Ended December 31st, 1985 and 1984

	1985	1984
Revenue -		
Municipal Levies	$ 48,988	44,051
Province of Manitoba Allocated Grant	235,806	151,581
Interest Earned	1,272	1,855
Farmer Assistance Revenue	9,110	4,206
Career Internship Program		2,002
Summer Canada Grant		4,370
Miscellaneous Revenue	86	103
Donations	6,000	
Municipal Grants	20,607	
	321,869	208,168
Expenditures -		
Administration	11,198	10,358
Remuneration	7,901	11,599
Wages and Benefits	50,108	46,916
Rent	1,150	1,065
Public Education	3,514	4,549
Forage Assistance	37,340	31,006
Career Internship Program		2,002
Summer Student Program		4,379
Staff Expenses	3,851	2,033
Miscellaneous Bridge and Culvert Repairs	88,425	65,830
Outstanding Right of Way Payments	77	22,682
Legal Fees		1,432
Brushing and Spraying	29,471	
Crossing Replacement	77,890	
Dump Levelling and Seeding	4,378	
	315,303	203,851
Transfer to Emergency Reserve	3,000	3,000
	318,303	206,851
Revenue Over Expenditures	3,566	1,317
Add -		
Opening Balance	8,717	7,400
Closing Balance	$ 12,283	8,717

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "D"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF EMERGENCY RESERVE ACCOUNT
For the Years Ended December 31st, 1985 and 1984

	1985	1984
Amount at Opening	$ 13,789	13,200
Transfer from General Board Program Account	3,000	3,000
	16,789	16,200
Transfer to Sub-District Program Account		2,411
Amount at Closing	$ 16,789	13,789

EXHIBIT "E"

STATEMENT OF PROVINCE OF MANITOBA GRANT ACCOUNT
For the Years Ended December 31st, 1985 and 1984

	1985	1984
Grants Received	$ 419,191	387,109
Less -		
Allocations to Watershed Programs:		
Sub-District Program	183,385	235,528
General Board Program	235,806	151,581
	$ NIL	NIL

EXHIBIT "F"

STATEMENT OF EQUIPMENT ACCOUNT REVENUE AND EXPENDITURE
For the Years Ended December 31st, 1985 and 1984

	1985	1984
Equipment Revenues	$ 203	NIL
Expenses -		
Depreciation	695	94
Revenue Over(Under) Expenditure	(492)	(94)
Amount At Opening	(340)	(246)
Amount at Closing	$ (832)	(340)

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "G"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

SOIL MANAGEMENT PROJECT - REVENUES AND EXPENDITURES
For the Year Ended December 31st, 1985

	Government of Canada	Province of Manitoba	Total
Revenue -			
Grants Received	$ 5,420	8,000	13,420
Expenditures -			
Administration	1,031		1,031
Field Demonstrations	2,093	2,092	4,185
Equipment		1,917	1,917
	3,124	4,009	7,133
Balance at Closing	$ 2,296	3,991	6,287

(The accompanying notes are an integral part of these financial statements)

TURTLE RIVER WATERSHED CONVERSATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31st, 1985

1. Accounts Receivable of the District are made up of the following:

		1985	1984
Municipal Grants	$	74,909	16,623
Conservation District Authority		24,341	9,731
Other			958
Total	$	99,250	27,312

2. Fixed Assets of the District are normally recorded at cost. The exception to this policy is those assets purchased under the Federal - Provincial Soil Management Project. Because those assets are not subject to depreciation, they are expenses in the year of purchase.

Depreciation on District assets purchased in the normal course of affairs is provided as follows:

Office Equipment	15% Straight Line
Field Equipment	20% Straight Line
Fencer	25% Straight Line
Fence	5% Straight Line

		1985			1984
		Cost	Accumulated Depreciation	Book Value	Book Value
Office Equipment	$	813	619	194	317
Field Equipment		6,472	930	5,542	237
Fencer		99	99	NIL	18
Fence		4,863	344	4,519	4,762
Total	$	12,247	1,992	10,255	5,334

3. Accounts Payable of the District are made up as follows:

		1985	1984
Workers Compensation	$	122	
Conservation District Authority		109,777	44,505
Trade		1,081	682
Total	$	110,980	45,187

Manitoba

THE UNIVERSITIES GRANTS COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Universities Grants Commission for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Universities Grants Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, C.A.,
Assistant Provincial Auditor.

July 4, 1986,
Winnipeg, Manitoba.

Exhibit A

THE UNIVERSITIES GRANTS COMMISSION

Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
A S S E T S		
Cash on hand and in bank	$ 290,705	$ 161,836
Grants receivable from the Government of the Province of Manitoba	2,408,105	2,419,605
Amount recoverable from the Government of the Province of Manitoba	17,471	12,114
	$ 2,716,281	$ 2,593,555
L I A B I L I T I E S		
Accounts payable:		
Grants	$ 2,624,301	$ 2,337,442
Other	8,170	20,149
	2,632,471	2,357,591
The Universities Grants Fund (Note 1):		
Balance, beginning of year	235,964	58,259
Revenues over (under) expenditures, Exhibit B	(152,154)	177,705
Balance, end of year	83,810	235,964
	$ 2,716,281	$ 2,593,555

Exhibit B

THE UNIVERSITIES GRANTS COMMISSION

Statement of Operating Revenues and Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenues:		
Government of the Province of Manitoba grants:		
Revenue appropriation:		
Department of Education	$ 163,149,280	$ 166,668,432
Department of Highways and Transportation (Note 2)	3,562,801	350,278
Department of Culture, Heritage and Recreation	40,000	-
	166,752,081	167,018,710
Interest income	15,403	21,172
Total revenues	166,767,484	167,039,882
Expenditures:		
Operating grants (Note 1):		
The University of Manitoba	128,416,196	125,857,630
The University of Winnipeg	17,150,250	16,430,637
Brandon University	11,094,806	10,817,800
St. Boniface College	2,842,280	2,680,220
	159,503,532	155,786,287
Major capital project grants (Note 1):		
The University of Manitoba	6,411,447	6,301,632
The University of Winnipeg	-	1,668,615
Brandon University	-	2,100,000
	6,411,447	10,070,247
Support programs:		
Computer Network	379,329	384,486
Recoveries from the Department of Education	69,886	69,486
	309,443	315,000
Inter-Universities program in Northern Manitoba	390,660	397,959
	700,103	712,959
Administrative and other, Schedule 1	304,556	292,684
Total expenditures	166,919,638	166,862,177
Revenues over (under) expenditures, Exhibit A	$ (152,154)	$ 177,705

Schedule 1

THE UNIVERSITIES GRANTS COMMISSION

Schedule of Administrative and Other Expenditures
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Automobile and travelling	$ 12,141	$ 6,626
Course and membership fees	13,435	140
Furniture and equipment	8,199	9,921
Office rental	30,410	27,693
Postage and telephone	4,880	4,437
Printing and stationery supplies	7,752	5,546
Professional fees	18,759	44,715
Remuneration of Commission members	12,507	14,080
Salaries and employee benefits	193,801	177,232
Subscriptions	1,063	1,062
Sundry	1,609	1,232
Total administrative and other expenditures, Exhibit B	$ 304,556	$ 292,684

THE UNIVERSITIES GRANTS COMMISSION

Notes to Financial Statements
for the year ended March 31, 1986

1. Accounting Policies

The Universities Grants Commission's annual financial statements are prepared using the accrual basis of accounting except for interest on cash balances, expenditures on leasehold improvements and equipment purchases, and pension payments. Interest on cash balances is taken into account in the year that it is received. Leasehold improvements and equipment purchases are charged to expenditures in the year of acquisition. Pension payments are charged to expenditures as the payments are made under the provisions of the Manitoba Civil Service Superannuation Act.

Operating and capital grants to the Universities reflect expenditures to the Universities for their annual operations and approved capital projects. Annual operating grants are paid on a scheduled basis to meet the Universities' operating requirements; capital grants are paid after expenditures have been incurred and claimed.

In accordance with the provisions of the Civil Service Superannuation Act, the Commission contributes 50% of the pension payments made to retired employees. A provision is not made in the accounts to fund current or past service obligations of the Commission to the Civil Service Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $144,662 as at December 31, 1985 (1984 - $128,981).

2. Commitments

The Commission has approved funding for the capital project listed below:

	Approved	Expended	Outstanding Commitments
University of Manitoba Administrative Studies and Transportation Institute Building	$ 10,800,000	$ 3,913,079	$ 6,886,921

Funding for the Administrative Studies and Transportation Institute Building is made through the Department of Highways and Transportation. The Universities Grants Commission requests the funds from the Department of Highways and Transportation on behalf of the University of Manitoba.

The outstanding commitments regarding this project are covered by the Annual Appropriation Act which authorizes future commitments.

3. Comparative Information

Comparative figures for the year ended March 31, 1985 have been restated where necessary to conform with the presentation adopted for March 31, 1986.

Manitoba

THE UNIVERSITY OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A to C and Schedules 1 to 31, of The University of Manitoba for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Manitoba as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, C.A.,
Provincial Auditor.

June 19, 1986,
Winnipeg, Manitoba.

STATEMENTS

The University of Manitoba
Comparative Statement of Finanacial Position
as at March 31, 1986 and March 31, 1985

Statement A

Assets

	1986	*1985*	
Cash and Bank, Less Outstanding Cheques	$ 348,683	$ 688,836	(1)
Marketable Investments for General Purposes (Note 1i)	16,623,064	16,116,500	(2)
Receivable from the Universities Grants Commission (Note 2)	2,460,935	2,036,998	(3)
Accounts Receivable:			
General	5,165,731	4,303,206	(4)
Research and Special	8,557,368	8,724,723	
Inventories (Note 1j)	2,393,634	2,320,056	(5)
Prepaid Expenditures	15,671	286,833	
Discount on Debentures	467,000	467,000	
	36,032,086	34,944,152	
Investments Held for Specific Purposes (Note 1i)	17,374,457	15,320,281	(2)
Funds on Deposit with The Great-West Life Assurance Company for Staff Benefits	9,637,056	7,879,033	
Fixed Assets: (Notes 1k and 3)			
Buildings and Sites	32,405,496	105,629,425	(6)
Equipment and Furnishings	107,925,921	99,779,957	
Library Holdings	28,814,838	26,268,881	
Construction in Progress	4,713,083	9,035,320	(7)
	173,859,338	240,713,583	
	$236,902,937	$298,857,049	

Liabilities and Fund Balances

	1986	*1985*	
Accounts Payable	$ 13,098,293	$ 13,064,750	(8)
Deferred Income	613,893	919,609	(9)
	13,712,186	13,984,359	
Province of Manitoba — Capital Advance	4,268,735	4,439,939	
Debentures Payable: Guaranteed by the Province of Manitoba	13,135,524	13,278,550	(10)
Less: Assets on Deposit with the Province of Manitoba for Retirement of Debentures			
Cash	3,717,807	2,807,833	
Investments (Note 1i)	7,359,966	7,341,041	(2)
	2,057,751	3,129,676	
Fund Balances:			
General Fund:			
General Operating (Note 1c)	387,031	381,729	
Research and Special	18,163,288	17,349,674	(11)
Specific Provisions (Note 1e)	3,309,910	2,537,854	(12)
Capital Purpose (Notes 1f and 4)	(148,803)	(215,592)	(13)
	21,711,426	20,053,665	
Staff Benefits (Note 1g)	9,637,056	7,879,033	(14)
Trust and Endowment (Note 1h)	17,515,934	15,759,414	(15)
	48,864,416	43,692,112	
Investment in Fixed Assets (Notes 1k and 3)	167,999,849	233,610,963	
	$236,902,937	$298,857,049	

APPROVED BY THE BOARD OF GOVERNORS

Am Runciman

A. M. Runciman — Chairman of the Board of Governors

H Austman

H. Austman — Vice-Chairman of the Board of Governors

(The Accompanying Notes and Schedules form an integral part of the Financial Statements.
(Schedule References are in Parentheses)

Comparative Statement of Changes in Fund Balances for the years ended March 31, 1986 and March 31, 1985

Statement B

	General Fund			
	General Operating Fund Account (Note 1c)	*Research and Special Fund Account*	*Specific Provisions Fund Account (Note 1e)*	*Capital Purpose Fund Account (Note 1f & 4)*
Revenues and Other Additions:				
Tuition and Related Fees	$ 21,179,364	$	$	$
Contributions, Donations and Non-Government Grants	28,678	14,235,595		
Investments	3,216,995			
Student Assessments re Debt Interest Cost				
Overhead Recovery	117,485			
Special Projects	58,785			
Miscellaneous	123,769			
Government Grants:				
Universities Grants Commission	128,301,193			6,305,098
Other		37,477,070		1,003,703
Ancillary Enterprises	17,752,567			
	170,778,836	51,712,665		7,308,801
Expenditures and Other Deductions:				
Academic	104,096,581	48,703,144		
Other Academic	7,717,656	975,386		
Libraries	9,248,288	177,511		
Student Services	2,336,344	335,661		
Administration	8,096,986	134,557		
Plant Maintenance	18,543,884	4,754		
General	1,238,553	172,658		
Scholarships, Bursaries and Prizes	153,842	364,670		
Interest and Miscellaneous Expenses				
re Debentures	792,569			
Capital Advance	449,544			
Appropriated for Retirement of Debentures and Capital Advance	1,100,103			
Ancillary Enterprises	17,152,741			
Capital Expenditures				7,308,801
	170,927,091	50,868,341		7,308,801
Inter-Fund Transfers	930,158	(35,255)		66,789
Net Revenues and Other Additions before Appropriations	781,903	809,069		66,789
Appropriated — Specific Provisions (Note 1e)	(776,601)	4,545	772,056	
Net Revenues and Other Additions	5,302	813,614	772,056	66,789
Balances Beginning of the Year	381,729	17,349,674	2,537,854	(215,592)
Balances End of the Year, Statement A	$ 387,031	$ 18,163,288	$ 3,309,910	$ (148,803)
		(11)	(12)	(13)

Staff Benefits Fund (Note 1g)	Trust and Endowment Fund (Note 1h)	Total Funds 1986	Total Funds 1985
$	$	$ 21,179,364	$ 19,753,808
1,634,393	1,850,377	17,749,043	15,075,099
1,101,471	1,774,563	6,093,029	6,484,189
			2,244
		117,485	120,671
		58,785	65,055
	50,968	174,737	128,516
		134,606,291	132,209,595
		38,480,773	38,456,715
		17,752,567	15,700,983
2,735,864	3,675,908	236,212,074	227,996,875
		152,799,725	145,864,022
		8,693,042	9,258,889
		9,425,799	8,980,751
		2,672,005	3,342,203
	10,607	8,242,150	7,445,044
		18,548,638	19,008,748
1,464,078	132,503	3,007,792	1,785,805
	298,349	816,861	789,462
		792,569	962,358
		449,544	465,284
	30,000	1,130,103	2,028,369
		17,152,741	15,377,579
		7,308,801	8,139,785
1,464,078	471,459	231,039,770	223,448,299
486,237	(1,447,929)		
1,758,023	1,756,520	5,172,304	4,548,576
1,758,023	1,756,520	5,172,304	4,548,576
7,879,033	15,759,414	43,692,112	39,143,536
$ 9,637,056	$ 17,515,934	$ 48,864,416	$ 43,692,112
(14)	(15)		

(The Accompanying Notes and Schedules form an integral part of the Financial Statements.
(Schedule References are in Parentheses)

Comparative Statement of University Investment in Fixed Assets for the years ended March 31, 1986 and March 31, 1985

Statement C

	1986	*1985*
Additions:		
Fixed Assets, Net of Disposals	$ 17,756,126	$ 43,390,158
Principal Payments on Debt Retirement Net of Discount	143,027	4,157,079
Appropriated for Debt Retirement		
— Province of Manitoba Capital Advance	171,205	155,463
— University Sinking Fund	928,900	1,845,303
	18,999,258	49,548,003
Deductions:		
Fixed Assets Transferred to the Government of the Province of Manitoba (Note 1k)	84,610,372	
Principal Payments on Debt Retirement Financed from University Sinking Fund		4,088,442
Net Change in the Year	(65,611,114)	45,459,561
Balance Beginning of the Year	233,610,963	188,151,402
Balance, End of the Year, Statement A	$167,999,849	$233,610,963

(The Accompanying Notes and Schedules form an integral part of the Financial Statements.
(Schedule References are in Parentheses)

NOTES TO THE FINANCIAL STATEMENTS

I. ACCOUNTING POLICIES

a. Revenues, Expenditures and Cost Recoveries

Revenues and expenditures are accounted for on the accrual basis, except for interest on investments and debenture debt which is accounted for on a cash basis.

The net cost of operating units is determined by deducting the external and interdepartmental revenue that they have generated, from total expenditures.

b. Fund Accounting

The University classifies resources used for various purposes into separate Fund Accounts which correspond to its major activities and objectives. The Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its accounts with specific assets and liabilities segregated into a General Fund, a Staff Benefits Fund and a Trust and Endowment Fund. The General Fund is further divided into Fund Accounts for General Operating, Research and Special Purposes, Specific Provisions, and Capital Purposes. The Staff Benefits Fund is further divided into Fund Accounts for Benefit Improvement and Maintenance, Self-Insured Income Disability Plan, Group Insurance Experience Refunds and Unemployment Insurance Commission Premium Saving.

c. General Operating Fund Account

The Universities Grants Commission classifies grants paid to the University in categories for general operating, debenture interest and financing, miscellaneous capital, and major capital.

All funds received or accrued by the University for general operating purposes, for the interest portion of debenture financing, and for miscellaneous capital expenditures are shown in the General Operating Fund Account. Funds received for the principal portion of debenture payments applicable to debt retirement are shown in the Statement of University Investment in Fixed Assets.

Major capital grants received or accrued against authorized projects are shown in the Capital Purpose Fund Account and in the Statement of University Investment in Fixed Assets.

d. Ancillary Enterprises

The University book store, food services, student residences and parking are classified as Ancillary Enterprises.

The University's ancillary enterprises are budgeted on a break-even basis. Any surpluses or deficits are included in the General Operating Fund Account. Overhead costs have been allocated to all ancillary operations.

The replacement or improvement of fixed assets is funded by an annual allocation to a Specific Provisions Fund Account for this purpose.

e. Specific Provisions Fund Account

The University creates specific provisions to guarantee future funding for the replacement or improvement of fixed assets, for parking lot improvements, for non-insured benefits and for academic staff development. Such provisions are shown on the Statement of Changes in Fund Balances.

f. Capital Purpose Fund Account

Funds received by the University for major capital purposes are shown in the Fund Balances section of the Statement of Financial Position until they are expended and accounted for as fixed assets.

g. **Staff Benefits Fund**

Benefit Improvement and Maintenance:

This Fund Account provides for the unfunded liability of the University of Manitoba Pension Plan (1970), and staff benefit improvements and for other uses at the discretion of the Board of Governors after consultation with the Staff Benefits Committee. Funds received from the Great-West Life Assurance Company as experience refunds relating to the University's former pension plan are credited to this Fund Account.

Self-Insured Income Disability Plan:

This Fund Account provides for long-term disability benefit payments arising on or after June 1, 1981, for eligible staff. Subject to reserve amounts established on the basis of actuarial reviews, this Fund Account may be used at the discretion of the Board of Governors of the University.

An actuarial valuation of the plan as of March 31, 1985, completed during 1985 showed a deficit of $222,225. An actuarial valuation as as March 31, 1984 showed a surplus of $11,663.

Group Insurance Experience Refunds:

This Fund Account provides for the support of current and future staff benefit programs, as determined by the Board of Governors following consultation with the Staff Benefits Committee. Experience refunds from The Great-West Life Assurance Company related to the group insurance plans, are credited to this Fund Account.

Unemployment Insurance Commission
Premium Saving:

This fund account provides support for the current and future staff benefit programs as determined by the Board of Governors following consultation with the Staff Benefits Committee. The premium reduction is credited to this fund account. It is available as a direct result of the extended sick leave coverage available within the University's staff benefit programs.

This fund was established January 1, 1986. Prior to this date the premium reduction was credited to a Specific Trust Account and as investments mature is being transferred to this fund account.

h. **Trust and Endowment Fund**

The University may authorize expenditures for certain programs from the General Operating Fund Account and guarantee funding from the Trust and Endowment Fund. These authorized expenditures are paid from the General Operating Fund Account. The University may authorize a transfer from the Trust and Endowment Fund for such expenditures at the end of the fiscal year.

i. **Investments**

All funds available to the University are invested when it is practical to do so.

- i) Short Term Investments —
  Investments falling into this classification are reported at cost.
- ii) Long-Term Investments —
  Investments falling into this classification are reported at cost or amortized cost, as appropriate. Bonds acquired at a premium or discount of up to one point are amortized to par at date of acquisition. Amortization of other bond premiums and discounts is calculated on a straight line basis over the life of the bond.

Gains or losses from investments are recorded as trading transactions in the year of disposal, except in the case of security sales involving the reinvestment of the proceeds from the sale in a bond issue. In this case, the University carries forward any gain or loss in excess of one point for amortization over the term of the newly acquired bond.

Except where there are specific provisions to the contrary, endowment and trust funds are pooled and invested in the University Investment Trust. Investment income is distributed on a pro rata basis to each participating fund annually at March 31.

The market value of investments is disclosed as supplementary information only. Market values are not used in the determination of investment income.

j. **Inventories**

Inventories have been valued at the lower of cost or replacement cost.

k. **Capitalization**

Expenditures on land, buildings, construction in progress, furnishings, equipment and library holdings are reflected through the Comparative Statement of Changes in Fund Balances, Statement B, in the year of payment.

Library holdings are capitalized at March 31, 1986 based on an evaluation determined as the sum of the following:

1. The volumes on hand at March 31, 1968 at an average price of net volumes added during 1968/69.
2. Total acquisition expenditures from April 1, 1968 to March 31, 1986.
3. A deduction for the value of volumes withdrawn at the weighted average price of volumes added from April 1, 1968 to March 31, 1975.
4. The current value of manuscripts and rare books.

The remaining fixed assets are capitalized at cost, except for furnishings and equipment items purchased prior to April 1, 1975, which are capitalized at appraised values.

No depreciation is charged on fixed assets.

The University of Manitoba conveyed its interest in a portion of the lands and buildings having a book value of $84,610,372 to the Government of the Province of Manitoba for $1 and subsequently leased back from the Government of the Province of Manitoba the same lands and buildings for $1.

2. **Universities Grants Commission Grants Receivable**

The amount receivable from the Universities Grants Commission for general operating, miscellaneous capital projects and major capital projects is available from the Universities Grants Commission from grant allocations for the fiscal year ended March 31, 1986.

3. **Contractual Commitments**

Contractual commitments relating to construction in progress amount to $4,465,263 (1985, $2,332,935.) and are to be funded by the Universities Grants Commission.

4. **Capital Purpose Fund**

The negative balance of $148,803 (1985, $215,592.) in the Capital Purpose Fund Account represents costs incurred in excess of contributions received to March 31, 1986. The funding for these costs will be met from future contributions to the Centennial Capital Fund Campaign and from the surcharge for capital purposes charged to users of the University's recreation facilities.

5. **Lease Obligations**

At March 31, 1986, the commitments relating to peripheral computer equipment, software rental leases and maintenance contracts, amount to approximately $579,000 annually. The remaining terms of the rental leases are one to three years.

6. **Pension Plans**

The University of Manitoba administers the University of Manitoba Pension Plan (1970) under the terms of an agreement with the University of Manitoba Pension Plan Trustees. The Trustees are responsible for the custody of the Plan's assets and issue annual financial statements, which do not form part of the University's financial statements.

Audited financial statements covering the operation of the Plan for the year ended December 31, 1985 have been issued by the Trustees.

An actuarial valuation of the Plan was completed during 1984 as of December 31, 1983. The valuation reported that the Plan based on then current provisions was fully funded with no requirement for special payments. A supplementary actuarial valuation was undertaken in 1985 to take into account the January 1, 1985 amendments to the Plan which were required due to change in the Pension Benefits Act of Manitoba. Incorporation of these changes produced an unfunded liability of $4,201,000. The payment to liquidate this unfunded liability by December 31, 2000 is $475,000 annually. For the year ended March 31, 1986 the funding requirement has been met by payment on December 31, 1985 of $475,000 from the Benefit Improvement and Maintenance Fund Account.

The University of Manitoba administers a separate money purchase pension plan, The University of Manitoba GFT Pension Plan (1986), which was established effective January 1, 1986 for Geographical Full-Time Staff of the Faculty of Medicine. Accumulated contribution account balances for Geographical Full-Time staff as at December 31, 1985 were transferred to this Plan. Only the employer contributions are being made to the Plan, effective January 1, 1986. The establishment of a separate plan did not involve any separation of assets. Net investment income related to total assets will be distributed pro-rata to all accounts of both plans.

7. **Wholly-Owned Subsidiaries**

In 1984-85 the University of Manitoba established a wholly-owned subsidiary company, *65778 Manitoba Inc.* This company in turn established a wholly-owned subsidiary, *The University of Manitoba Research and Development Corporation.*

At March 31, 1986 The University of Manitoba incurred costs of $5,402 related to the incorporation and preliminary organization of these companies and has included this amount as an account receivable. There has been no other transactions related to or by these companies at March 31, 1986.

8. **Loan Guarantee**

The University of Manitoba under a letter of Guarantee issued to the Canadian Imperial Bank of Commerce undertook to see that a loan made to the University of Manitoba Faculty Club will be repaid by the Faculty Club within a specified time period. The outstanding balance of this loan as at March 31, 1986 is $83,500 (1985, $100,000).

7. **Litigation**

The University of Manitoba is named as a defendant in litigation where action has commenced or is anticipated. The University's solicitors have reported that there are no significant contingent liabilities arising from these actions.

10. **Property Taxes**

Property taxes are not shown in the accounts of the University, as The University of Manitoba Act provides that such property is not subject to taxation. The Government of the Province of Manitoba provides the City of Winnipeg and other municipalities with grants in lieu of taxes.

11. **Pledges Receivable**

The estimated realizable value of pledges outstanding at March 31, 1986 from the University's Fund Raising Campaigns is $2,465,040 (1985, $451,761.) These pledges are expected to be honored during the subsequent eight year period.

12. **Comparative Information**

Comparative figures for the year ended March 31, 1985, have been restated where necessary to conform with the presentation adopted for March 31, 1986.

SCHEDULES

Schedule 1 **Cash and Bank, Less Outstanding Cheques**

	March 31, 1986	*March 31, 1985*
General Account:		
Cash on Hand	$ 39,636	$ 40,872
The Scotiabank — Winnipeg and New York	(189,517)	(392,798)
The Scotiabank — Debenture Coupons Account	1,895	1,702
The Canadian Imperial Bank of Commerce — Holdback Accounts	258,997	275,848
	111,011	(74,376)
Trust Account:		
Cash on Hand	1,325	1,365
The Royal Bank of Canada — Winnipeg	231,661	599,309
The Canadian Imperial Bank of Commerce — Capital Fund Campaign Account	4,686	162,538
Statement A	$ 348,683	$ 688,836

Schedule 2 **Investments**

	Par Value	*Market Value*	*March 31, 1986 Book Value*	*March 31, 1985 Book Value*
Bonds and Debentures:				
Government of Canada	$ 4,888,500	$ 5,387,527	$ 4,889,094	$ 3,388,359
Provincial:				
Province of Manitoba	582,000	583,673	547,454	547,454
Other	2,573,000	2,700,446	2,577,500	1,753,800
Provincial Guaranteed:				
Province of Manitoba	9,208,000	8,166,047	6,999,675	6,980,748
Other	2,621,000	2,789,629	2,618,837	1,118,839
Municipal	190,000	195,955	190,000	233,000
Other	1,810,000	1,844,308	1,809,706	2,002,916
	21,872,500	21,667,585	19,632,266	16,025,116
Stocks:				30,188
Savings Certificates, Term Deposits and Treasury Bills	21,829,798	21,844,950	21,725,221	22,722,518
Total Investments	$43,702,298	$43,512,535	$41,357,487	$38,777,822
Held For:				
General Purposes, Statement A	$16,700,000	$16,700,000	$16,623,064	$16,116,500
Specific Purposes, Statement A	17,397,298	18,270,833	17,374,457	15,320,281
Retirement of Debentures, Statement A	9,605,000	8,541,702	7,359,966	7,341,041
	$43,702,298	$43,512,535	$41,357,487	$38,777,822

Schedule 3 Receivable from the Universities Grants Commission

	March 31, 1986	March 31, 1985
Major Capital Projects	$ 1,852,777	$ 1,466,833
Miscellaneous Capital	388,158	570,165
Operating	220,000	
Statement A	$ 2,460,935	$ 2,036,998

Schedule 4 Accounts Receivable — General

Special Capital Projects	$ 209,945	$
Loans to Students and Staff	119,013	116,019
Government Agencies and Hospitals	3,181,746	2,666,041
Book Store Receivables	102,448	100,302
Accountable Advances	121,468	109,763
Payroll Recoveries	29,749	94,365
Miscellaneous	1,401,362	1,216,716
Statement A	$ 5,165,731	$ 4,303,206

Schedule 5 Inventories

Ancillary Enterprises:		
Book Store	$ 1,950,465	$ 1,809,651
Food Services	177,260	176,495
Stores	155,869	221,672
Departmental:		
Commercial Dairy	9,856	8,358
Printing and Publication Services	22,927	26,749
U of M Press	77,257	77,131
Statement A	$ 2,393,634	$ 2,320,056

Schedule 6 **Capital Expenditure on Buildings and Sites**	*March 31 1986*	*March 31, 1985*
Agriculture Buildings	$ 78,087	$ 8,573,340
Human Ecology Building		583,722
Arts Buildings	57,532	4,334,771
University College		3,569,476
Science Buildings	94,666	18,613,381
Pharmacy Building		816,575
Architecture Building	86,836	1,187,365
Education Buildings		2,558,485
Engineering Buildings		5,297,894
Law Building		1,450,778
School of Art Building		1,331,103
School of Music Building		614,178
Physical Education Buildings	7,717,884	12,205,267
Bison Building	53,838	1,175,419
University Centre Building	6,661,605	6,661,605
Services Building		211,778
Library Building		5,432,457
Residences		7,708,587
Dentistry Building (Including Land)	2,624,260	2,624,260
Medicine Buildings (Including Land)	13,655,526	13,655,526
Glenlea Research Station (Including Land)	985,961	985,961
Power Generating Building		1,713,627
Old Power House		477,261
New Boiler		577,944
Food Science Building		517,041
Other Buildings	389,301	1,995,895
Track and Field Stadium Services		755,729
Statement A	$ 32,405,496	$105,629,425

Schedule 7 **Construction in Progress**		
Earth Science Building	$	$ 8,586,160
Admin/Transport Building	4,713,083	449,160
Statement A	$ 4,713,083	$ 9,035,320

Schedule 8 **Accounts Payable**

	March 31, 1986	*March 31, 1985*
General	$ 7,466,777	$ 7,157,449
Payroll Liabilities	4,287,205	5,124,938
Capital Projects	1,036,817	480,659
Province of Manitoba		
— Health and Post Secondary Education Tax Levy	189,962	211,725
— Sales Tax	117,532	89,979
Statement A	$ 13,098,293	$ 13,064,750

Schedule 9 **Deferred Income**

Government of Canada Grant	$ 525,485	$ 624,514
Province of Manitoba Grant	10	186,929
Other Grant Advances	22,011	6,921
Insurance Claims and Miscellaneous	66,387	101,245
Statement A	$ 613,893	$ 919,609

Schedule 10 **Debentures Outstanding**

	Principal Outstanding	
	March 31, 1986	*March 31, 1985*
Guaranteed as to Principal and Interest by the Government of the Province of Manitoba:		
Debentures:		
5⅜% Series 1H Due October 15, 1987	$ 2,500,000	$ 2,500,000
5⅛% Series 1L Due June 1, and December 1, 1986-1994	452,618	491,335
5⅝% Series 1N Due June 1, and December 1, 1986-1994	634,906	689,215
5½% Series 1P Due December 15, 1995	3,000,000	3,000,000
5¼% Series 1Q Due February 15, 1992	5,000,000	5,000,000
7½% Series 1R Due April 15, 1986-2001	1,548,000	1,598,000
Statement A	$ 13,135,524	$ 13,278,550

Schedule 11 Changes to Research, and Special Fund Accounts for the years ended March 31, 1986 and March 31, 1985

	Balance March 31, 1985	*Additions*	*Deductions*	*Inter-Fund Transfers*	*Specific Provisions*	*Balance March 31, 1986*
Sponsored or Assisted Research:						
Government of Canada:						
Agriculture	$ 47,021	$ 134,930	$ 118,529	$		$ 63,422
Atomic Energy of Canada Ltd.	3,070	35,863	19,192	(3,825)		15,916
Social Sciences and Humanities Research Council	626,612	448,982	675,329			400,265
Central Mortgage and Housing Corporation	3,070		277			2,793
Energy Mines and Resources	12,055	35,000	34,661			12,394
Fisheries Research Board of Canada	13,010	62,000	65,717	(6,391)		2,902
Medical Research Council	1,093,952	8,097,350	8,193,197			998,105
Miscellaneous	1,961,109	3,380,081	3,335,176	(56,582)		1,949,432
National Health and Welfare	172,386	1,675,961	1,628,824			219,523
Natural Sciences and Engineering Research Council	3,082,814	7,906,131	8,447,290			2,541,655
Northern Studies	21,540	35,000	43,417			13,123
Transport	90,245	145,708	160,357			75,596
	7,126,884	21,957,006	22,721,966	(66,798)		6,295,126
Province of Manitoba:						
Agriculture	205,167	875,500	925,718			154,949
Miscellaneous	1,029,242	3,457,296	3,264,552	(54,517)		1,167,469
	1,234,409	4,332,796	4,190,270	(54,517)		1,322,418
Other:						
Business and Industry	734,533	1,064,946	944,595	(32,049)		822,835
Industrial Research	25,962	(7,914)	8,041	(2,113)		7,894
Foundations, Associations, Etc.	1,818,683	3,443,207	3,374,412	48,849		1,936,327
Individuals, Etc.	419,793	772,198	724,215	129,205		596,981
Manitoba Heart Foundation	397,336	1,326,236	1,287,930			435,642
National Cancer Institute of Canada	22,774	1,067,211	1,061,599			28,386
Special Projects	162,865	273,261	216,880	24,998		244,244
United States	383,759	1,069,805	836,452	(90,932)		526,180
	3,965,705	9,008,950	8,454,124	77,958		4,598,489
Subtotal	12,326,998	35,298,752	35,366,360	(43,357)		12,216,033

Schedule 11 Changes to Research, and Special Fund Account
for the years ended March 31, 1986 and March 31, 1985

	Balance March 31, 1985	*Additions*	*Deductions*	*Inter-Fund Transfers*	*Specific Provisions*	*Balance March 31, 1986*
Special Funds:						
Government of Canada:						
Social Sciences and Humanities Research Council	$ 16,821	$ 150	$ 16,720	$	$	$ 251
Miscellaneous	737,517	4,220,332	3,633,905	(148,799)	4,545	1,179,690
	754,338	4,220,482	3,650,625	(148,799)	4,545	1,179,941
Province of Manitoba:						
Agriculture	(9,094)	207,326	200,118			(1,886)
Miscellaneous	73,860	6,759,460	6,812,609	(48,009)		(27,298)
	64,766	6,966,786	7,012,727	(48,009)		(29,184)
Other:						
Business and Industry	43,754	155,723	144,655	(14,286)		40,536
Foundations, Associations, Etc.	393,671	516,263	608,709	28,893		330,118
Individuals, Etc.	2,457,976	2,382,361	1,997,579	170,179		3,012,937
Special Projects	489,226	1,930,635	1,723,016	20,124		716,969
	3,384,627	4,984,982	4,473,959	204,910		4,100,560
Subtotal	4,203,731	16,172,250	15,137,311	8,102	4,545	5,251,317
Scholarships, Bursaries and Prizes	25,543	364,557	364,670			25,430
	16,556,272	51,835,559	50,868,341	(35,255)	4,545	17,492,780
Disbursements Pending Receipt of Funds to Cover	793,402	(122,894)				670,508
		$51,712,665	$50,868,341	$ (35,255)	$ 4,545	
Balance End of the Year, Statement B	$17,349,674					$18,163,288

Schedule 12 **Changes to Specific Provisions Fund Account for the years ended March 31, 1986 and March 31, 1985**

	Ancillary Furniture and Equipment Replacement	*Parking Lot Improvements*	*Copier and Word Processor Replacement*	*Vehicle and Other Equipment Replacement*	*Printing Services Equipment Replacement*
Provided From:					
General Operating	$	$	$ 199,996	$ 49,025	$ 28,966
Ancillary Enterprises	210,869	545,600			
	210,869	545,600	199,996	49,025	28,966
Applied To:					
General Operating				69,537	19,422
Ancillary Enterprises	168,090	12,510			
Research and Special					
	168,090	12,510		69,537	19,422
Net Change in the Year	42,779	533,090	199,996	(20,512)	9,544
Balance Beginning of the Year	132,283	507,472	709,596	62,197	44,337
Balance End of the Year, Statement B	$ 175,062	$ 1,040,562	$ 909,592	$ 41,685	$ 53,881

Micro Teaching Equipment Replacement	*Academic Development*	*Non-Insured Benefits*	*Total*	
			1986	*1985*
$ 36,358	$	$ 630,000	$ 944,345	$ 713,679
			756,469	521,296
36,358		630,000	1,700,814	1,234,975
27,230		590,555	706,744	233,198
		36,869	217,469	495,425
		4,545	4,545	
27,230		631,969	928,758	728,623
9,128		(1,969)	772,056	506,352
50,000	400,000	631,969	2,537,854	2,031,502
$ 59,128	$ 400,000	$ 630,000	$ 3,309,910	$ 2,537,854

Schedule 13 Changes to Capital Purpose Fund Account for the years ended March 31, 1986 and March 31, 1985

	1986	*1985*
Additions:		
Universities Grants Commission	$ 6,305,098	$ 6,384,200
Government of Canada	961,769	423,193
Miscellaneous	41,934	
Province of Manitoba		1,303,197
City of Winnipeg		30,000
	7,308,801	8,140,590
Deductions:		
Major Capital Expenditures		
Admin/Transport Building	4,263,922	449,160
Earth Science Building	3,002,945	5,935,040
Max Bell Centre	41,934	(805)
Microcomputer Teaching Facility		1,303,197
Pam-am Track		453,193
	7,308,801	8,139,785
Inter-Fund Transfers	66,789	501,072
Net Change in the Year	66,789	501,877
Balance Beginning of the Year	(215,592)	(717,469)
Balance End of the Year, Statement B	$ (148,803)	$ (215,592)

Schedule 14 Changes to Staff Benefits Fund for the years ended March 31, 1986 and March 31, 1985

	Benefit Improvement and Maintenance	*Self-Insured Income Disability Plan*	*Group Insurance Experience Refunds*	*Unemployment Insurance Premium Savings*	*Total 1986*	*Total 1985*
Additions:						
Experience Refunds (Note 1g)	$ 37,747	$	$ 689,756	$	$ 727,503	$ 690,648
Interest Earned for Period, Net of Management and Administrative Service Fees	232,307	261,900	597,458	9,806	1,101,471	810,193
Contributions		781,911		124,979	906,890	568,996
	270,054	1,043,811	1,287,214	134,785	2,735,864	2,069,837
Deductions:						
One-Half of the Post-Retirement Adjustments for Pensioners			209,033		209,033	199,511
Benefit Premium		171,831	2,023	93,190	267,044	36,583
Indemnity Payments		513,001			513,001	306,141
The University of Manitoba Pension Plan re: Unfunded Liability	475,000				475,000	
	475,000	684,832	211,056	93,190	1,464,078	542,235
Inter-Fund Transfers				486,237	486,237	
Net Change in the Year	(204,946)	358,979	1,076,158	527,832	1,758,023	1,527,602
Balance Beginning of the Year	1,958,355	2,041,723	3,878,955		7,879,033	6,351,431
Balance End of the Year, Statement B	$ 1,753,409	$ 2,400,702	$ 4,955,113	$ 527,832	$ 9,637,056	$ 7,879,033

Schedule 15 Changes to Trust and Endowment Fund for the years ended March 31, 1986 and March 31, 1985

	Capital Accounts	*Current Accounts*	*Total*	
			1986	*1985*
Additions:				
Contributions	$ 1,286,328	$ 564,049	$ 1,850,377	$ 1,341,658
Investment Income		1,774,563	1,774,563	1,813,988
Gain on Sale of Land		1,975	1,975	
Income from Mines, Mineral Rights, etc.		48,993	48,993	12,588
Transfer to (from)	24,045	(24,045)		
	1,310,373	2,365,535	3,675,908	3,168,234
Deductions:				
Awards	72,971	225,378	298,349	272,628
Appropriated for Debenture Retirement		30,000	30,000	27,600
Administration Costs		10,607	10,607	6,038
Benefit Premiums		93,189	93,189	88,327
Other	8,707	30,607	39,314	162,729
	81,678	389,781	471,459	557,322
Inter-Fund Transfers	(242,880)	(1,205,049)	(1,447,929)	(1,056,248)
Net Change in the Year	985,815	770,705	1,756,520	1,554,664
Balance Beginning of the Year	9,657,742	6,101,672	15,759,414	14,204,750
Balance End of the Year, Statement B	$10,643,557	$ 6,872,377	$17,515,934	$15,759,414

Schedule 16 Inter-Fund Transfers
for the years ended March 31, 1986 and March 31, 1985

	General Operating	*Research and Special*	*Capital Purpose*	*Staff Benefits*	*Trust and Endowment*
Scholarships, Bursaries and Prizes	$ 71,024	$	$	$	$ (71,024)
Chair of Icelandic Language and Literature	23,949				(23,949)
The Ewart Chair of Constitutional Law	2,192				(2,192)
Outreach	38,891				(38,891)
Interest and Miscellaneous Expenditures re: Debentures	70,782				(70,782)
					(206,838)
Contributions for Capital Purposes			66,789		(66,789)
Sponsored or Assisted Research		457,635			(457,635)
Special Funds		230,430			(230,430)
Overhead Recovery	723,320	(723,320)			
					(688,065)
U.I.C Premium Savings				486,237	(486,237)
March 31, 1986, Statement B	$ 930,158	$ (35,255)	$ 66,789	$ 486,237	$(1,447,929)
March 31, 1985	$ 1,198,148	$ (642,972)	$ 501,072		$(1,056,248)

Schedule 17 Tuition and Related Fees

	March 31, 1986	*March 31, 1985*
Regular Session	$17,609,996	$16,681,906
Summer Session	1,655,842	1,577,487
Non-Credit Courses	1,513,998	1,344,902
Short Courses	399,528	149,513
Statement B	$21,179,364	$19,753,808

Schedule 18 Investment Income (General Fund)

Bank and Short-Term Investments	$ 2,288,096	$ 2,014,704
Sinking Fund Income for Retirement of Debentures	928,899	1,845,304
Statement B	$ 3,216,995	$ 3,860,008

Schedule 19 Overhead Recovery

Government of Canada	$ 64,418	$ 72,694
Province of Manitoba	3,194	26,986
Miscellaneous Business, Industry and Foundations	49,873	20,991
Statement B	$ 117,485	$ 120,671

Schedule 20 Special Projects Income

Insurance Proceeds	$ 57,166	$ 50,927
Government of Canada	1,619	
Faculty of Medicine		8,572
Faculty of Dentistry		5,556
Statement B	$ 58,785	$ 65,055

Schedule 21 Miscellaneous Income (General Fund)

Sale of Equipment	$ 25,474	$ 51,530
Miscellaneous	72,386	27,372
Rentals	25,909	37,026
Statement B	$ 123,769	$ 115,928

Schedule 22 Universities Grants Commission Grants (General Operating Fund Account)

General Operating	$123,886,717	$121,241,879
Miscellaneous Capital and Special Projects	3,071,941	3,071,941
Debenture Interest and Financing	721,787	890,827
Capital Advance	620,748	620,748
Statement B	$128,301,193	$125,825,395

Schedule 23 **Income and Expenditure, Ancillary Enterprises for the years ended March 31, 1986 and March 31, 1985**

	Book Department	*Parking*	*Food Service*	*Residences*
Income	$ 9,003,558	$ 1,626,494	$ 5,458,397	$ 1,664,118
Expenditure:				
Salaries	1,118,309	72,792	2,048,882	888,693
Staff Benefits	97,178	7,532	151,823	77,167
Cost of Goods Sold	7,067,115		2,078,817	
Equipment, Alterations, Etc.	59,075	8,608	158,678	186,623
Supplies and Expense	483,170	975,132	1,094,408	578,739
	8,824,847	1,064,064	5,532,608	1,731,222
Net Income (Expenditure) Before Appropriations	178,711	562,430	(74,211)	(67,104)
Appropriated from (to) Specific Provisions	(31,447)	(533,090)	34,178	(8,641)
Net Income (Expenditure), 1986	$ 147,264	$ 29,340	$ (40,033)	$ (75,745)
Net Income, 1985	$ 117,460	$ 38,745	$ 97,173	$ 44,154

Total	
1986	*1985*
$17,752,567	$15,700,983
4,128,676	3,921,777
333,700	302,868
9,145,932	7,431,102
412,984	497,292
3,131,449	3,224,540
17,152,741	15,377,579
599,826	323,404
(539,000)	(25,872)
$ 60,826	
	$ 297,532

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Administrative Studies:					
General Operating					
Dean's Office	$ 92,011	$	$ 24,481	$ 9,781	$ 11,305
General Faculty		18,371	243,870	19,245	288,738
Accounting and Finance	766,641	22,017	32,550	68,817	63,066
Actuarial and Business Mathematics	516,432	38,647	31,884	44,703	33,899
Business Administration	826,554	19,297	33,903	69,331	20,449
Marketing	408,880	5,779	17,256	35,761	20,016
Public Policy	376,267	6,652	24,981	32,589	7,969
	2,986,785	110,763	408,925	280,227	445,442
Miscellaneous Capital					
Research	45,577	101,396	167,139	21,043	98,897
Special Funds	2,000	11,130	10,094	588	99,275
	3,034,362	223,289	586,158	301,858	643,614
Agriculture:					
General Operating					
Dean's Office	188,180	854	124,229	26,169	169,864
Agricultural Economics	768,426	57,261	106,611	85,616	43,008
Agricultural Engineering	619,941	3,644	92,095	59,767	43,032
Animal Science	701,743	29,132	345,909	97,428	48,246
Commercial Dairy		132	138,024	13,391	213,246
Entomology	302,570	6,204	56,831	32,928	21,009
Farm Management			616,053	59,607	258,537
Food Science	439,421	31,608	58,003	44,324	49,738
Glenlea Research Station	47,391	979	11,205	4,407	36,128
Plant Science	1,250,596	15,731	798,195	190,461	153,024
School of Agriculture	192,235	825	27,902	16,355	62,889
Soil Science	487,383	6,895	141,321	53,735	45,405
	4,997,886	153,265	2,516,378	684,188	1,144,126
Miscellaneous Capital					
Research	477,596	1,579,003	907,367	173,587	1,272,465
Special Funds	47,006	12,480	177,605	18,901	100,040
	5,522,488	1,744,748	3,601,350	876,676	2,516,631
Architecture:					
General Operating					
Dean's Office	97,020		44,331	11,865	20,974
General Faculty	71,114	12,171	168,917	21,540	144,873
Architecture	499,439	1,840		42,197	22,145
City Planning	266,714	890		21,850	15,343
Environmental Studies	600,329	2,699	194	50,466	33,644
Interior Design	638,127	2,935	401	53,125	70,658
Landscape Architecture	242,862	1,769		20,241	44,034
Manitobarts Workshop		5,251		46	12,369
	2,415,605	27,555	213,843	221,330	364,040
Miscellaneous Capital					
Research		22,310		475	3,872
Special Funds					5,552
	2,415,605	49,865	213,843	221,805	373,464

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1986*	*March 31, 1985*	*% Increase (Decrease)*
$	$ 137,578	$	$	$ 137,578	$ 137,344	
34,382	604,606			604,606	558,277	
43,059	996,150			996,150	964,299	
20,872	686,437			686,437	603,823	
3,175	972,709			972,709	975,811	
10,724	498,416			498,416	484,940	
252	448,710			448,710	457,391	
112,464	4,344,606			4,344,606	4,181,885	3.9
10,006	10,006			10,006	21,972	
11,183	445,235			445,235	407,440	
1,971	125,058			125,058	109,250	
135,624	4,924,905			4,924,905	4,720,547	4.3
14,508	523,804		46,881	476,923	408,894	
7,652	1,068,574			1,068,574	992,456	
22,070	840,549			840,549	796,703	
23,656	1,246,114			1,246,114	1,210,584	
7,837	372,630	404,709	39,794	(71,873)	(23,990)	
(3,038)	416,504			416,504	409,345	
37,429	971,626	46,850	396,674	528,102	530,853	
11,910	635,004			635,004	588,974	
	100,110			100,110	149,497	
23,869	2,431,876			2,431,876	2,296,288	
3,996	304,202		28,295	275,907	268,730	
14,125	748,864			748,864	712,235	
164,014	9,659,857	451,559	511,644	8,696,654	8,340,569	4.3
59,762	59,762			59,762	69,732	
724,034	5,134,052			5,134,052	4,994,480	
35,402	391,434			391,434	353,538	
983,212	15,245,105	451,559	511,644	14,281,902	13,758,319	3.8
(83)	174,107		14,230	159,877	225,786	
8,502	427,117			427,117	379,155	
	565,621			565,621	526,916	
	304,797			304,797	270,381	
	687,332		10,260	677,072	633,095	
	765,246		37,928	727,318	706,064	
8,714	317,620		50	317,570	302,072	
	17,666			17,666		
17,133	3,259,506		62,468	3,197,038	3,043,469	5.0
19,654	19,654			19,654	30,863	
	26,657			26,657	26,887	
	5,552			5,552	4,329	
36,787	3,311,369		62,468	3,248,901	3,105,548	4.6

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages				
	Academic	Special Academic	Support	Staff Benefits	Supplies and Expenses
Arts:					
General Operating					
Dean's Office	$ 168,064	$	$ 309,118	$ 42,198	$ 119,570
General Faculty	1,163,842	11,513	240,916	84,772	244,192
Anthropology	659,923	57,067	61,597	68,656	45,821
Classics	187,485	1,007	16,379	17,193	10,642
Economics	1,264,993	53,709	58,794	118,786	66,968
English	1,829,405	60,305	63,712	172,225	77,729
Geography	813,008	49,411	91,484	83,166	60,272
German	283,899	11,181	18,724	25,263	13,958
History	1,496,525	63,238	56,812	146,707	83,772
Icelandic Language and Literature	71,070			5,816	3,415
Institute for Social and Economic Research					7,173
Judaic Studies	146,169	806	11,068	13,675	10,690
Modern Language Division		11,945	46,671	4,813	4,345
Native Studies	112,910	3,315	15,680	11,306	11,740
Philosophy	641,650	17,019	18,442	59,649	24,878
Political Studies	750,565	49,498	38,431	68,635	34,684
Professional and Applied Ethics					3,207
Psychology	2,238,500	154,442	239,150	213,381	184,963
Psychology — Service Centre	299,584	22,844	43,022	30,660	17,814
Religious Studies	330,887	12,386	18,060	29,524	14,544
Romance Languages	909,669	56,545	27,549	86,109	36,553
Slavic Studies	235,308	8,736	6,238	18,307	16,341
Sociology	1,228,193	83,805	78,061	116,090	90,537
Women's Studies	1,350	900	447	80	2,929
	14,832,999	729,672	1,460,355	1,417,011	1,186,737
Miscellaneous Capital					
Research	130,739	515,232	272,836	45,981	391,428
Special Funds		2,393	36,809	1,699	35,457
	14,963,738	1,247,297	1,770,000	1,464,691	1,613,622
Centre for Ukrainian Canadian Studies:					
Director's Office	30,655		5,610	1,314	2,837
	30,655		5,610	1,314	2,837
Research	6,284	3,101		448	2,977
Special Funds			7,304	364	19,011
	36,939	3,101	12,914	2,126	24,825

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1986*	*March 31, 1985*	*% Increase (Decrease)*
$ 43,481	$ 682,431		$ 270	$ 682,161	$ 632,482	
174,123	1,919,358		117,670	1,801,688	1,128,448	
12,233	905,297			905,297	1,004,026	
620	233,326			233,326	219,460	
7,391	1,570,641			1,570,641	1,567,438	
1,495	2,204,871			2,204,871	2,215,881	
17,384	1,114,725			1,114,725	1,087,132	
998	354,023			354,023	331,790	
9,650	1,856,704			1,856,704	1,935,398	
118	80,419			80,419	81,259	
	7,173		112	7,061	10,348	
1,054	183,462			183,462	176,991	
55	67,829			67,829	68,218	
	154,951			154,951	145,723	
85	761,723			761,723	794,713	
850	942,663			942,663	907,474	
	3,207			3,207		
88,773	3,119,209			3,119,209	2,967,210	
3,475	417,399		8,417	408,982	380,515	
900	406,301			406,301	402,581	
7,728	1,124,153			1,124,153	1,075,076	
	284,930			284,930	282,042	
19,626	1,616,312			1,616,312	1,599,147	
27	5,733			5,733		
390,066	20,016,840		126,469	19,890,371	19,013,352	4.6
37,188	37,188			37,188	57,376	
29,758	1,385,974			1,385,974	1,160,378	
6,857	83,215			83,215	32,610	
463,869	21,523,217		126,469	21,396,748	20,263,716	5.6
	40,416			40,416	55,440	
	40,416			40,416	55,440	-27.1
	12,810			12,810	21,380	
	26,679			26,679	665	
	79,905			79,905	77,485	3.1

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Continuing Education Division:					
General Operating					
Director's Office	$ 644,204	$ 3,995	$ 587,555	$ 112,979	$ 194,465
Non-Credit Granting Courses	296,859	13,479	35,108	12,039	763,968
Summer School & Evening Credit Granting Courses	916,394	106,363	45,370	31,084	161,058
	1,857,457	123,837	668,033	156,102	1,119,491
Miscellaneous Capital					
Research	13,600	64,695	55,461	8,039	100,931
Special Funds	455,425	27,989	192,881	46,446	1,593,556
	2,326,482	216,521	916,375	210,587	2,813,978
Dentistry:					
General Operating					
Dean's Office	89,821		75,142	13,766	5,926
General Faculty	220,090	60,516	226,877	39,659	219,504
Anatomy Section	188,028		75,993	24,436	12,020
Continuing Education	3,916	17,050	54,138	4,744	32,245
General Clinic	1,836	2,014	340,700	33,522	250,336
Medical Microbiology	41,312		26,217	6,434	2,218
Oral Biology	634,424		154,442	74,747	28,549
Pharmacology	74,416			5,920	3,240
Preventive Dental Science	370,705	8,294	102,610	40,547	22,898
Private Practice Area		40	18,570	1,783	1,400
Rehabilitative Dental Science	626,985	31,179	93,721	55,347	31,844
School of Dental Hygiene	175,741	9,504	16,753	16,556	10,036
Stomotology	392,431	28,424	71,950	38,590	18,239
	2,819,705	157,021	1,257,113	356,051	638,455
Miscellaneous Capital					
Research	63,924	38,213	303,746	27,291	191,166
Special Funds	95,207	130,394	164,787	20,702	545,343
	2,978,836	325,628	1,725,646	404,044	1,374,964
Education:					
General Operating					
Dean's Office	161,584		352,859	49,031	34,830
General Faculty	284,773	202,854	60,028	26,197	328,447
Canadian Biographical Series					4,176
Cash Flow	30,849			1,014	(1,171)
Curriculum: Humanities and Social Sciences	1,089,294	3,625	275	79,337	51,483
Curriculum: Mathematics and Natural Sciences	921,673	16,372	1,113	74,559	52,398
Educational Administration	663,155	1,150	240	50,099	27,401
Educational Psychology	584,252	586	150	50,373	22,456
In-Service Teachers Program	1,875		1	49	9,080
	3,737,455	224,587	414,666	330,659	529,100
Miscellaneous Capital					
Research	6,000	57,424	98,883	6,305	92,213
Special Funds	248,615	43,609	104,587	28,769	890,406
	3,992,070	325,620	618,136	365,733	1,511,719

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1986*	*March 31, 1985*	*% Increase (Decrease)*
$ 51,815	$ 1,595,013	$	$ 52,946	$ 1,542,067	$ 1,470,430	
150	1,121,603			1,121,603	1,125,835	
3,137	1,263,406			1,263,406	1,071,368	
55,102	3,980,022		52,946	3,927,076	3,667,633	7.1
1,482	1,482			1,482	4,009	
	242,726			242,726	75,363	
3,138	2,319,435			2,319,435	2,107,796	
59,722	6,543,665		52,946	6,490,719	5,854,801	10.9
270	184,925			184,925	183,715	
25,798	792,444			792,444	795,940	
7,018	307,495			307,495	286,551	
	112,093			112,093		
5,277	633,685		440,633	193,052	248,538	
	76,181			76,181	74,407	
986	893,148			893,148	824,092	
	83,576			83,576	83,148	
64	545,118			545,118	534,742	
	21,793		4,585	17,208	9,329	
46	839,122			839,122	803,208	
	228,590		184	228,406	208,611	
94	549,728			549,728	601,095	
39,553	5,267,898		445,402	4,822,496	4,653,376	3.6
42,653	42,653			42,653	43,967	
75,738	700,078			700,078	868,791	
23,470	979,903			979,903	881,630	
181,414	6,990,532		445,402	6,545,130	6,447,764	1.5
	598,304			598,304	573,519	
172,383	1,074,682		30,406	1,044,276	600,749	
	4,176	40	256	3,880		
	30,692			30,692	74,153	
	1,224,014		19,350	1,204,664	1,273,310	
23,992	1,090,107		8,885	1,081,222	1,077,482	
817	742,862		4,802	738,060	628,914	
495	658,312		2,572	655,740	670,365	
4,221	15,226			15,226	12,209	
201,908	5,438,375	40	66,271	5,372,064	4,910,701	9.4
8,000	8,000			8,000	13,000	
5,028	265,853			265,853	208,118	
6,595	1,322,581			1,322,581	1,134,597	
221,531	7,034,809	40	66,271	6,968,498	6,266,416	11.2

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Engineering:					
General Operating					
Dean's Office	$ 163,244	$ 20,705	$ 93,477	$ 22,122	$ 134,843
Civil Engineering	1,185,056	91,189	369,263	140,189	135,450
Electrical Engineering	1,233,368	183,886	485,390	163,092	243,115
Geological Engineering	224,246	5,685	45,179	23,457	14,878
Mechanical Engineering	1,217,982	161,049	505,189	163,516	114,462
	4,023,896	462,514	1,498,498	512,376	642,748
Miscellaneous Capital					
Research	184,667	1,324,965	138,545	46,964	696,302
Special Funds	126,048	29,692	32,365	14,772	316,586
	4,334,611	1,817,171	1,669,408	574,112	1,655,636
Fine Arts:					
General Operating					
Director's Office	1,077,745	2,587	91,389	100,729	118,132
	1,077,745	2,587	91,389	100,729	118,132
Miscellaneous Capital					
Research		7,378		145	11,175
Special Funds					2,058
	1,077,745	9,965	91,389	100,874	131,365
Graduate Studies:					
General Operating					
Dean's Office	106,921	865,920	117,170	20,059	63,430
	106,921	865,920	117,170	20,059	63,430
Miscellaneous Capital					
Research	19,613	364,634	25,146	5,846	4,951
Special Funds					
	126,534	1,230,554	142,316	25,905	68,381
Human Ecology:					
General Operating					
Dean's Office	114,596		20,175	11,624	19,329
General Faculty	52,428	24,333	73,514	9,959	30,743
Clothing and Textiles	314,202	14,064	83,075	34,150	29,588
Family Studies	394,385	12,763	38,879	37,030	18,820
Foods and Nutrition	437,380	14,368	66,358	46,974	31,843
	1,312,991	65,528	282,001	139,737	130,323
Miscellaneous Capital					
Research		129,893	61,305	9,919	105,947
Special Funds		2,737	270	82	1,298
	1,312,991	198,158	343,576	149,738	237,568

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1986*	*March 31, 1985*	*% Increase (Decrease)*
$ 36,093	$ 470,484	$	$ 53,849	$ 416,635	$ 532,679	
65,806	1,986,953	11,218	9,301	1,966,434	1,866,922	
75,885	2,384,736	21,555	19,516	2,343,665	2,267,024	
5,693	319,138		94	319,044	289,926	
57,065	2,219,263	4,670	11,755	2,202,838	2,129,783	
240,542	7,380,574	37,443	94,515	7,248,616	7,086,334	2.3
136,380	136,380			136,380	154,539	
636,706	3,028,149			3,028,149	3,445,105	
74,095	593,558			593,558	11,465	
1,087,723	11,138,661	37,443	94,515	11,006,703	10,697,443	2.9
38,291	1,428,873	1,125	32,257	1,395,491	1,312,871	
38,291	1,428,873	1,125	32,257	1,395,491	1,312,871	6.3
9,742	9,742			9,742	13,111	
	18,698			18,698	12,539	
	2,058			2,058	12,700	
48,033	1,459,371	1,125	32,257	1,425,989	1,351,221	5.5
	1,173,500		39,813	1,133,687	1,104,942	
	1,173,500		39,813	1,133,687	1,104,942	2.6
5,002	5,002			5,002	4,000	
	420.190			420,190	429,266	
					650	
5,002	1,598,692		39,813	1,558,879	1,538,858	1.3
78,063	243,787		6,501	237,286	106,541	
3,260	194,237			194,237	280,913	
81	475,160		43,917	431,243	443,423	
	501,877			501,877	482,700	
50	596,973		4,568	592,405	586,497	
81,454	2,012,034		54,986	1,957,048	1,900,074	3.0
25,977	25,977			25,977	39,132	
9,148	316,212			316,212	208,873	
	4,387			4,387	335	
116,579	2,358.610		54,986	2,303,624	2,148,414	7.2

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Law:					
General Operating					
Dean's Office	$ 203,075	$ 7,183	$ 54,415	$ 20,422	$ 132,673
General Faculty	1,082,157		136,152	103,177	25,256
	1,285,232	7,183	190,567	123,599	157,929
Miscellaneous Capital					
Research		14,485	550	635	1,151
Special Funds		12,035	584	265	9,154
	1,285,232	33,703	191,701	124,499	168,234
Medicine:					
General Operating					
Dean's Office	173,394		251,381	36,639	130,275
General Faculty	383,241	24,177	196,768	33,464	349,126
Anaesthetics	389,990		46,610	44,288	21,165
Anatomy	559,905	4,363	158,289	64,140	46,419
Biochemistry	586,876		65,872	55,393	37,567
Central Animal Care			183,143	18,461	7,909
Computer — Operating and Rentals			57,257	5,647	17,607
Continuing Medical Education	47,856		63,830	10,081	4,285
Educational Development			172,749	17,053	10,337
Education Programs	9,763	15,691	1,855	641	125,992
Family Practice Unit	235,682	6,000	85,044	31,853	35,175
Human Genetics	95,361	1,636	64,573	13,167	28,464
Immunology	324,488	4,194	101,035	36,288	67,775
Internal Medicine	2,083,499	894	211,001	232,543	79,761
J. A. Hildes Northern Medical Unit	101,455	20,517	49,536	12,991	46,890
Microbiology	518,661		124,541	55,865	20,983
Obstetrics and Gynaecology	455,497	1,420	111,773	53,468	13,350
Opthalmology	49,833		16,297	1,625	1,536
Otolaryngology	86,542		27,983	11,348	4,809
Paediatrics	705,271	5,500	43,368	82,614	21,706
Pathology	431,768	43,587	77,074	43,968	57,985
Pharmacology	614,277		169,654	73,054	40,574
Physiology	726,980	36,614	198,657	88,650	58,849
Psychiatry	592,893	3,490	90,690	52,110	21,219
Radiology	99,663		21,424	7,172	5,343
School of Medical Rehabilitation	576,242	140	70,088	55,903	59,799
Social and Preventive Medicine	388,231	7,815	55,471	38,841	37,744
Statistics Division			78,171	7,344	6,822
Surgery	838,186		165,841	106,804	28,291
	11,075,554	176,038	2,959,975	1,291,415	1,387,757
Miscellaneous Capital					
Research	1,349,911	3,397,116	4,682,160	566,832	4,649,505
Special Funds	438,453	1,700,838	833,993	173,811	2,455,056
	12,863,918	5,273,992	8,476,128	2,032,058	8,492,318
Music:					
General Operating					
Director's Office	726,623	36,754	60,735	65,453	279,291
	726,623	36,754	60,735	65,453	279,291
Miscellaneous Capital					
Research					
Special Funds		2,550		105	1,288
	726,623	39,304	60,735	65,558	280,579

Equipment Alter., Etc.	Gross Expenditure	Deduct — Cost Recoveries: Inter-Departmental Income	Deduct — Cost Recoveries: Other Income	Net Expenditure: March 31, 1986	Net Expenditure: March 31, 1985	% Increase (Decrease)
$ 3,351	$ 421,119	$	$ 30,122	$ 390,997	$ 336,850	
	1,346,742			1,346,742	1,297,504	
3,351	1,767,861		30,122	1,737,739	1,634,354	6.3
2,500	2,500			2,500	1,874	
	16,821			16,821	9,037	
	22,038			22,038	7,359	
5,851	1,809,220		30,122	1,779,098	1,652,624	7.7
13,883	605,572			605,572	396,127	
207,052	1,193,828	68,434	16,182	1,109,212	1,425,946	
25,221	527,274			527,274	484,196	
11,494	844,610	52,455	137	792,018	771,348	
169	745,877			745,877	730,559	
10	209,523		494	209,029	206,545	
27,886	108,397	11,647	(44)	96,794	359,154	
3,752	129,804			129,804	128,212	
159	200,298			200,298		
5,823	159,765			159,765		
5,445	399,199			399,199	404,456	
1,673	204,874		36,490	168,384	147,788	
5,538	539,318			539,318	516,191	
639	2,608,337			2,608,337	2,449,156	
1,712	233,101		116,730	116,371	84,656	
2,310	722,360			722,360	733,460	
2,302	637,810			637,810	634,550	
	69,291			69,291	81,410	
5,891	136,573			136,573	112,674	
5,998	864,457			864,457	798,903	
5,728	660,110			660,110	629,591	
111	897,670			897,670	853,430	
2,876	1,112,626			1,112,626	1,159,115	
	760,402		80,000	680,402	701,349	
	133,602			133,602	127,570	
26,000	788,172			788,172	730,129	
14,593	542,695			542,695	544,691	
7,541	99,878	36,655		63,223		
18,514	1,157,636			1,157,636	1,098,690	
402,320	17,293,059	169,191	249,989	16,873,879	16,309,896	3.5
108,648	108,648			108,648	130,435	
1,697,199	16,342,723			16,342,723	15,899,887	
241,119	5,843,270			5,843,270	5,565,686	
2,449,286	39,587,700	169,191	249,989	39,168,520	37,905,904	3.3
29,242	1,198,098			1,198,098	1,069,710	
29,242	1,198,098			1,198,098	1,069,710	12.0
10,000	10,000			10,000	37,004	
					4,839	
	3,943			3,943		
39,242	1,212,041			1,212,041	1,111,553	9.0

Schedule 24 Net Academic Faculty Expenditure by Account and Funding.

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
National Resource Institute:					
General Operating					
Director's Office	$ 172,482	$	$ 36,667	$ 17,691	$ 32,996
	172,482		36,667	17,691	32,996
Miscellaneous Capital					
Research	100	97,053	354	1,724	65,024
Special Funds					2,343
	172,582	97,053	37,021	19,415	100,363
Nursing Education:					
General Operating					
Director's Office	1,143,561	24,168	138,807	114,968	148,215
	1,143,561	24,168	138,807	114,968	148,215
Miscellaneous Capital					
Research	3,114	13,577	20,295	1,969	24,968
Special Funds					(12)
	1,146,675	37,745	159,102	116,937	173,171
Pharmacy:					
General Operating					
Dean's Office	555,873	11,012	122,715	55,602	91,243
	555,873	11,012	122,715	55,602	91,243
Miscellaneous Capital					
Research	16,145	73,692	35,554	5,735	88,147
Special Funds					560
	572,018	84,704	158,269	61,337	179,950
Physical Education:					
General Operating					
Director's Office	705,581	18,011	94,434	74,061	178,757
	705,581	18,011	94,434	74,061	178,757
Miscellaneous Capital					
Research	67,578	31,376	31,070	4,704	30,065
Special Funds	23,166	4,011	3,427	2,016	74,306
	796,325	53,398	128,931	80,781	283,128

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1986	March 31, 1985	% Increase (Decrease)
$ 791	$ 260,627		$ 7,095	$ 253,532	$ 238,324	
791	260,627		7,095	253,532	238,324	6.4
3,000	3,000			3,000	2,423	
	164,255			164,255	105,581	
	2,343			2,343		
3,791	430,225		7,095	423,130	346,328	22.2
104,055	1,673,774		3,114	1,670,660	1,422,691	
104,055	1,673,774		3,114	1,670,660	1,422,691	17.4
9,958	9,958			9,958	13,806	
2,350	66,273			66,273	99,868	
791	779			779	3,367	
117,154	1,750,784		3,114	1,747,670	1,539,732	13.5
3,487	839,932			839,932	840,422	
3,487	839,932			839,932	840,422	-0.1
12,083	12,083			12,083	9,456	
22,155	241,428			241,428	285,754	
	560			560	1,503	
37,725	1,094,003			1,094,003	1,137,135	-3.8
55,311	1,126,155		7,480	1,118,675	1,038,710	
55,311	1,126,155		7,480	1,118,675	1,038,710	7.7
13,425	13,425			13,425	19,440	
2,802	167,595			167,595	100,183	
	106,926			106,926	16,629	
71,538	1,414,101		7,480	1,406,621	1,174,962	19.7

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Science:					
General Operating					
Dean's Office	$ 294,888	$	$ 83,131	$ 32,518	$ 30,041
General Faculty	59,100	3,850	279,574	34,890	129,095
Applied Mathematics	542,107	13,238	27,890	47,585	25,705
Astronomy/Planetarium		5,028	34,196	3,194	11,124
Biological Sciences		45,455	58,898	6,361	19,657
Botany	652,314	21,528	133,223	68,703	53,761
Chemistry	1,414,078	163,631	322,113	160,294	157,116
Computer Science	1,518,534	139,663	98,212	145,334	190,116
Cyclotron Laboratory					10,153
Delta Research Station	42,767	3,772	80,173	9,693	34,959
Earth Sciences	797,722	49,447	259,406	98,352	92,272
Star Lake Field Station		8,150		386	17,745
Mathematics	1,476,718	45,978	63,813	134,299	56,171
Microbiology	641,861	47,988	168,881	71,047	88,483
Physics	1,501,534	67,288	613,358	190,164	99,726
Statistics	717,846	52,276	26,584	64,307	39,047
Zoology	991,639	60,281	256,889	117,813	63,798
	10,651,108	727,573	2,506,341	1,184,940	1,118,969
Miscellaneous Capital					
Research	450,197	1,390,348	715,492	121,109	1,861,175
Special Funds	114,922	10,745	11,572	11,451	62,309
	11,216,227	2,128,666	3,233,405	1,317,500	3,042,453
Social Work:					
General Operating					
Director's Office	1,244,973	28,823	130,775	121,722	129,359
	1,244,973	28,823	130,775	121,722	129,359
Miscellaneous Capital					
Research	50	18,522	2,556	926	3,922
Special Funds	458,020	50,076	95,138	44,524	1,282,113
	1,703,043	97,421	228,469	167,172	1,415,394
Total Academic:					
General Operating	67,761,087	3,952,811	15,174,997	7,269,234	9,909,377
Miscellaneous Capital					
Total Operating	67,761,087	3,952,811	15,174,997	7,269,234	9,909,377
Research	2,835,095	9,244,413	7,518,459	1,049,677	9,696,281
Special Funds	2,008,862	2,040,679	1,671,416	364,495	7,495,699
	$ 72,605,044	$ 15,237,903	$ 24,364,872	$ 8,683,406	$ 27,101,357

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1986	March 31, 1985	% Increase (Decrease)
$	$ 440,578	$	$	$ 440,578	$ 437,474	
133,643	640,152		53,720	586,432	641,651	
1,491	658,016			658,016	604,336	
767	54,309			54,309	49,536	
	130,371			130,371	134,012	
7,563	937,092		4,241	932,851	832,960	
19,564	2,236,796	9,608	6,630	2,220,558	2,141,839	
19,348	2,111,207			2,111,207	2,009,127	
19	10,172			10,172	4,091	
2,178	173,542	10,900	21,057	141,585	137,281	
12,378	1,309,577	10,401	13,415	1,285,761	1,276,767	
	26,281			26,281	28,212	
	1,776,979			1,776,979	1,737,850	
2,641	1,020,901			1,020,901	991,139	
19,401	2,491,471	125,141	45,590	2,320,740	2,390,383	
1,487	901,547	5,220	2,555	893,772	845,082	
13,171	1,503,591			1,503,591	1,489,549	
233,651	16,422,582	161,270	147,208	16,114,104	15,751,289	2.3
133,896	133,896			133,896	156,000	
1,118,791	5,657,112			5,657,112	5,203,792	
13,169	224,168			224,168	161,550	
1,499,507	22,437,758	161,270	147,208	22,129,280	21,272,631	4.0
11,713	1,667,365		56,353	1,611,012	1,550,884	
11,713	1,667,365		56,353	1,611,012	1,550,884	3.9
4,031	4,031			4,031	4,500	
	25,976			25,976	46,298	
36,569	1,966,440			1,966,440	1,890,939	
52,313	3,663,812		56,353	3,607,459	3,492,621	3.3
2,184,448	106,251,954	820,628	1,988,132	103,443,194	99,126,926	4.4
653,387	653,387			653,387	826,639	
2,837,835	106,905,341	820,628	1,988,132	104,096,581	99,953,565	4.1
4,334,892	34,678,817			34,678,817	33,613,859	
443,176	14,024,327			14,024,327	12,296,598	
$ 7,615,903	$155,603,485	$ 820,628	$ 1,988,132	$152,799,725	$145,864,022	4.8

Statement B

Schedule 25 Net Other Academic Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Academic Review Program:					
General Operating	$ 1,393	$	$ 2	$ 1	$ 26,613
	1,393		2	1	26,613
Central Breeding Facility:					
General Operating			72,041	5,379	97,776
			72,041	5,379	97,776
Computer Services:					
General Operating					
Computer Centre			1,890,067	162,218	519,387
Administrative Data Centre			839,289	76,827	12,605
Computer Equipment					27,867
			2,729,356	239,045	559,859
Miscellaneous Capital					
Special Funds		83	220,949	14,501	126,318
		83	2,950,305	253,546	686,177
Instructional Media:					
General Operating					
Director's Office			1,186,478	108,492	284,704
			1,186,478	108,492	284,704
Miscellaneous Capital					
			1,186,478	108,492	284,704
Micro Computer Centre:					
General Operating	28,588		67,209	9,132	60,640
	28,588		67,209	9,132	60,640
Research Promotion:					
General Operating	10,542	4,453	14,038	1,637	19,361
	10,542	4,453	14,038	1,637	19,361
Research					
	10,542	4,453	14,038	1,637	19,361
Research Development:					
General Operating					
Research Grants					638
Research Board	620	25,047	2,138		44,891
Interdisciplinary Grants					5,835
Operating Expenses			4,223	3,909	3,647
	620	25,047	6,361	3,909	55,011
Research	1,580	63,772	5,442	45	95,622
Special Funds			2,190	95	33
	2,200	88,819	13,993	4,049	150,666

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1986*	*March 31, 1985*	*% Increase (Decrease)*
$	$ 28,009	$	$ 13,225	$ 14,784	$ (4,389)	
	28,009		13,225	14,784	(4,389)	
1,408	176,604	83,015		93,589	109,426	-14.5
1,408	176,604	83,015		93,589	109,426	-14.5
58,886	2,630,558	44,582	379,072	2,206,904	2,054,749	
	928,721			928,721	890,752	
1,791,058	1,818,925			1,818,925	3,167,049	
1,849,944	5,378,204	44,582	379,072	4,954,550	6,112,550	-18.9
8,046	8,046			8,046	16,007	
57,592	419,443			419,443	470,432	
1,915,582	5,805,693	44,582	379,072	5,382,039	6,598,989	-18.4
76,424	1,656,098	242,051	52,592	1,361,455	1,385,036	
76,424	1,656,098	242,051	52,592	1,361,455	1,385,036	-1.7
193,450	193,450			193,450	116,597	
269,874	1,849,548	242,051	52,592	1,554,905	1,501,633	3.5
40,153	205,722		36,358	169,364	15,814	971.0
40,153	205,722		36,358	169,364	15,814	971.0
2,032	52,063			52,063	73,738	
2,032	52,063			52,063	73,738	-29.4
					18,777	
2,032	52,063			52,063	92,515	-43.7
6,500	7,138			7,138	6,874	
26,588	99,284			99,284	150,509	
	5,835			5,835	2,510	
45,000	56,779			56,779	9,300	
78,088	169,036			169,036	169,193	-0.1
51,147	217,608			217,608	70,534	
	2,318			2,318		
129,235	388,962			388,962	239,727	62.3

Schedule 25 Net Other Academic Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
Staff Development Program:					
General Operating	$	$	$	$	$ 49,152
					49,152
Transport Institute:					
General Operating					
Director's Office		6,458	5,743	533	12,220
		6,458	5,743	533	12,220
Research	34,430	130,018	47,881	16,521	39,026
Special Funds					17,728
	34,430	136,476	53,624	17,054	68,974
Colleges:					
General Operating					
Warden's Office — St. John's College	71,703		131,227	17,961	60,241
Rector's Office — St. Paul's College	26,763		114,220	13,652	39,958
Provost's Office — University College	24,445		74,226	9,021	41,020
	122,911		319,673	40,634	141,219
Miscellaneous Capital					
Special Funds					37
	122,911		319,673	40,634	141,256
Total Other Academic:					
General Operating	$ 164,054	$ 35,958	$ 4,400,901	$ 408,762	$ 1,306,555
Miscellaneous Capital					
Total Operating	164,054	35,958	4,400,901	408,762	1,306,555
Research	36,010	193,790	53,323	16,566	134,648
Special Funds		83	223,139	14,596	144,116
	$ 200,064	$ 229,831	$ 4,677,363	$ 439,924	$ 1,585,319

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1986*	*March 31, 1985*	*% Increase (Decrease)*
$	$ 49,152	$	$	$ 49,152	$ 14,586	237.0
	49,152			49,152	14,586	237.0
654	25,608			25,608	34,255	
654	25,608			25,608	34,255	-25.2
50,376	318,252			318,252	83,057	
	17,728			17,728		
51,030	361,588			361,588	117,312	208.2
10,834	291,966		16,130	275,836	231,260	
9,842	204,435			204,435	195,110	
18,135	166,847	20,632	2,427	143,788	111,359	
38,811	663,248	20,632	18,557	624,059	537,729	16.1
2,500	2,500			2,500	13,134	
	37			37	22,413	
41,311	665,785	20,632	18,557	626,596	573,276	9.3
$ 2,087,514	$ 8,403,744	$ 390,280	$ 499,804	$ 7,513,660	$ 8,447,938	-11.1
203,996	203,996			203,996	145,738	
2,291,510	8,607,740	390,280	499,804	7,717,656	8,593,676	-10.2
101,523	535,860			535,860	172,368	
57,592	439,526			439,526	492,845	
$ 2,450,625	$ 9,583,126	$ 390,280	$ 499,804	$ 8,693,042	$ 9,258,889	-6.1

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Schedule 25 Net Other Academic Expenditure by Account and Funding

Schedule 26 Net Library Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
General Operating					
Dafoe Library	$ 1,674,099	$	$ 2,516,169	$ 384,021	$ 2,465,052
Dental Library	57,899		64,064	9,615	55,633
Law Library	117,543		217,367	31,006	363,409
Medical Library	176,140		310,192	75,584	415,290
St. John's College Library	43,880		33,947	6,518	26,939
St. Paul's College Library	44,068		60,946	7,325	37,680
	2,113,629		3,202,685	514,069	3,364,003
Miscellaneous Capital					
Total Operating	2,113,629		3,202,685	514,069	3,364,003
Research		22,101	4,994	1,481	40,858
Special Funds	31,542			2,842	65,684
	$ 2,145,171	$ 22,101	$ 3,207,679	$ 518,392	$ 3,470,545

Schedule 27 Net Student Services Expenditure by Account and Funding

General Operating					
Alumni Association	$	$	$ 76,300	$ 7,206	$ 12,239
Chaplain's Office					2,856
Counselling Services	446,746	14,818	59,392	43,403	35,895
Special Programming	104,551	6,894	99,871	16,011	37,333
Native Student Advisor			17,835	1,717	1,192
Recreation and Athletics	351,085	12,200	957,696	90,020	871,910
Student Awards Office	60,014		125,527	15,849	18,743
Student Health Services			190,977	18,030	46,946
Student Housing and Conference Services			101,714	8,705	19,696
International Centre for Students	17,859		22,900	4,008	8,667
Unibus					
U.M.S.U. Special Projects					12,000
University Centre Commission					50,176
	980,255	33,912	1,652,212	204,949	1,117,653
Miscellaneous Capital					
Total Operating	980,255	33,912	1,652,212	204,949	1,117,653
Research		1,806	3,560	253	43,572
Special Funds	28,506	10,109	10,185	3,365	229,602
	$ 1,008,761	$ 45,827	$ 1,665,957	$ 208,567	$ 1,390,827

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1986	March 31, 1985	% Increase (Decrease)
$ 104,919	$ 7,144,260	$ 18,187	$ 66,462	$ 7,059,611	$ 6,867,769	
	187,211			187,211	178,564	
	729,325			729,325	655,039	
732	977,938			977,938	902,810	
	111,284			111,284	103,727	
	150,019			150,019	143,707	
105,651	9,300,037	18,187	66,462	9,215,388	8,851,616	4.1
32,900	32,900			32,900	12,574	
138,551	9,332,937	18,187	66,462	9,248,288	8,864,190	4.3
4,569	74,003			74,003	51,178	
3,440	103,508			103,508	65,383	
$ 146,560	$ 9,510,448	$ 18,187	$ 66,462	$ 9,425,799	$ 8,980,751	5.0

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$	$ 95,745		$	$ 95,745	$ 106,239	
	2,856			2,856	3,595	
814	601,068		6,625	594,443	562,846	
1,170	265,830		57,892	207,938	191,348	
	20,744			20,744	19,901	
44,313	2,327,224		1,598,316	728,908	886,409	
4,187	224,320			224,320	227,891	
	255,953		23,450	232,503	252,898	
2,173	132,288		30,187	102,101	91,400	
1,176	54,610			54,610	49,731	
					229	
	12,000			12,000	12,000	
	50,176			50,176	50,176	
53,833	4,042,814		1,716,470	2,326,344	2,454,663	-5.2
10,000	10,000			10,000	18,163	
63,833	4,052,814		1,716,470	2,336,344	2,472,826	-5.5
	49,191			49,191	58,920	
4,703	286,470			286,470	810,457	
$ 68,536	$ 4,388,475		$ 1,716,470	$ 2,672,005	$ 3,342,203	-20.1

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Schedule 28 Net Administration Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
General Operating					
President and Vice-Presidents' Offices	$ 766,357	$	$ 688,283	$ 123,359	$ 460,262
Admissions Office			460,091	38,843	117,319
Board of Governors			78,954	7,316	23,428
Communications			33,215	3,257	3,941
Comptroller's Office			1,770,858	162,866	249,651
Employee Relations and Personnel		100	811,267	75,726	106,849
Institutional Analysis			197,949	16,356	19,195
Internal Audit			127,884	10,963	17,846
Legal Fees					119,465
Office Machine Service			129,597	13,072	121,317
Planning Office			90,179	10,140	3,187
Printing and Publications Services			465,903	45,484	659,550
Senate Secretariat			97,086	9,486	17,235
Student Records Office			544,846	47,998	216,238
Staff Benefits Office			165,664	13,587	41,994
University Relations and Information			104,854	8,518	272,859
	766,357	100	5,766,630	586,971	2,450,336
Miscellaneous Capital					
Total Operating	766,357	100	5,766,630	586,971	2,450,336
Research		1,098	7,156	294	16,238
Special Funds	1,000	4,284	11,974	567	81,963
	$ 767,357	$ 5,482	$ 5,785,760	$ 587,832	$ 2,548,537

Schedule 29 Net Physical Plant and Energy Management Expenditure by Account and Funding

General Operating			
Central Instrument Services	$	$	$
Insurance			256,987
Operations and Maintenance:			
Energy Management	3,013,539	272,942	535,199
Engineering and Construction	146,870	13,859	9,844
Physical Plant and Safety	1,037,606	99,047	98,911
Buildings and Grounds	4,139,672	433,124	379,043
Post Office and Mail Service	218,115	20,212	718,236
Security	612,689	57,102	47,188
Utilities:			
Colleges			164,600
Energy Conservation	62,555	3,945	24,375
Fuel — Fort Garry			1,968,397
Fuel — Medical and Dental			845,877
Light, Power and Water			3,347,832
Telephone	41,366	4,243	1,254,413
Vehicle Fleet			28,389
Workers Compensation			156,599
	9,272,412	904,474	9,835,890
Miscellaneous Capital and Special Projects			
Total Operating	9,272,412	904,474	9,835,890
Research	1,832	103	33
Special Funds	2,627	122	37
	$ 9,276,871	$ 904,699	$ 9,835,960

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1986	March 31, 1985	% Increase (Decrease)
$ 36,822	$ 2,075,083	$	$ 155,040	$ 1,920,043	$ 1,811,898	
5,022	621,275			621,275	606,692	
1,703	111,401			111,401	117,145	
	40,413			40,413	37,207	
48,866	2,232,241	691	10,796	2,220,754	2,085,877	
6,568	1,000,510			1,000,510	888,807	
11,354	244,854			244,854	240,636	
580	157,273			157,273	154,937	
	119,465			119,465	147,961	
86,745	350,731	457,509		(106,778)	(123,768)	
	103,506			103,506	110,130	
53,019	1,223,956	897,308	329,152	(2,504)	(2,671)	
	123,807			123,807	123,620	
35,497	844,579		72,710	771,869	770,358	
12,244	233,489		108,330	125,159	120,698	
	386,231	158,958	9,244	218,029	169,102	
298,420	9,868,814	1,514,466	685,272	7,669,076	7,258,629	5.7
427,910	427,910			427,910	61,511	
726,330	10,296,724	1,514,466	685,272	8,096,986	7,320,140	10.6
	24,786			24,786	63,866	
9,983	109,771			109,771	55,000	
$ 736,313	$10,431,281	$ 1,514,466	$ 685,272	$ 8,231,543	$ 7,439,006	10.7

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$	$	$	$	$	$ 20,868	
30,174	287,161			287,161	332,953	
864,873	4,686,553	19,033	127,134	4,540,386	4,753,402	
664	171,237			171,237	67,415	
93,504	1,329,068	7,348	18,872	1,302,848	1,401,806	
143,117	5,094,956	70,449	238,268	4,786,239	4,556,876	
5,186	961,749	687,523	32,388	241,838	232,108	
17,723	734,702	521,195	49,835	163,672	155,355	
	164,600		39,415	125,185	122,861	
45,317	136,192			136,192	116,795	
	1,968,397	184,723	775,530	1,008,144	1,420,655	
	845,877		12,751	833,126	902,213	
	3,347,832	99,059	483,955	2,764,818	2,754,792	
	1,300,022	1,303,164	7,615	(10,757)	3,164	
38,677	67,066	59,038		8,028	(2,579)	
	156,599			156,599	83,052	
1,239,235	21,252,011	2,951,532	1,785,763	16,514,716	16,921,736	-2.4
2,029,168	2,029,168			2,029,168	2,084,629	
3,268,403	23,281,179	2,951,532	1,785,763	18,543,884	19,006,365	-2.4
	1,968			1,968	2,433	
	2,786			2,786	(50)	
$ 3,268,403	$23,285,933	$2,951,532	$ 1,785,763	$18,548,638	$19,008,748	-2.4

Statement B

Schedule 30 Net General Expenditure by Account and Funding

	Salaries and Wages				
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Supplies and Expenses*
General Operating					
Calendars	$	$	$	$	$ 60,347
Convocation			50,411	5,153	107,079
Handicapped Transport					910
Miscellaneous					
Mosaic	3,600	750	30,775	3,064	18,836
Ombudsman			77,543	6,743	7,663
Outreach Programmes	1,000	4,284	5,496	420	17,708
Playcare Centre			33,982	1,640	3,979
Private Funding			104,195	7,977	39,652
Retiring Allowances				157,134	
Rentals					352
Supplementary Pensions				636,566	
University of Manitoba Press			50,602	4,390	1,197
United Appeal		565	2,011	81	3,314
	4,600	5,599	355,015	823,168	261,037
Miscellaneous Capital					
Total Operating	4,600	5,599	355,015	823,168	261,037
Research		957	1,037	93	(352)
Special Funds		102	26,971	1,696	140,065
	$ 4,600	$ 6,658	$ 383,023	$ 824,957	$ 400,750

Total Schedules 24 to 30:					
General Operating	$ 71,789,982	$ 4,028,380	$ 39,824,852	$ 10,711,627	$ 28,244,851
Miscellaneous Capital and Special Projects					
Total Operating	71,789,982	4,028,380	39,824,852	10,711,627	28,244,851
Research	2,871,105	9,464,165	7,590,361	1,068,467	9,931,278
Special Funds	2,069,910	2,055,257	1,946,312	387,683	8,157,166
	$ 76,730,997	$ 15,547,802	$ 49,361,525	$ 12,167,777	$ 46,333,295

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1986	March 31, 1985	% Increase (Decrease)
$	$ 60,347		$ 4,686	$ 55,661	$ 51,522	
1,484	164,127			164,127	146,929	
	910			910	621	
					8,466	
773	57,798			57,798	53,695	
	91,949			91,949	87,711	
9,983	38,891			38,891	21,477	
	39,601		14,818	24,783	6,075	
26,047	177,871			177,871	86,576	
	157,134		9,813	147,321	95,143	
30,914	31,266			31,266	44,099	
	636,566		459,857	176,709	188,741	
	56,189			56,189	54,260	
	5,971			5,971	3,737	
69,201	1,518,620		489,174	1,029,446	849,052	21.2
209,107	209,107			209,107	27,670	
278,308	1,727,727		489,174	1,238,553	876,722	41.3
	1,735			1,735		
2,089	170,923			170,923	115,792	
$ 280,397	$ 1,900,385		$ 489,174	$ 1,411,211	$ 992,514	42.2

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$ 6,038,302	$160,637,994	$ 5,695,093	$ 7,231,077	$147,711,824	$143,910,560	2.6
3,566,468	3,566,468			3,566,468	3,176,924	
9,604,770	164,204,462	5,695,093	7,231,077	151,278,292	147,087,484	2.8
4,440,984	35,366,360			35,366,360	33,962,624	
520,983	15,137,311			15,137,311	13,836,025	
$ 14,566,737	$214,708,133	$ 5,695,093	$ 7,231,077	$201,781,963	$194,886,133	3.5

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
The University Investment Trust Fund:			
Dr. John E. Abra Fund	$ 10,000	$ 1,685	$ 11,685
Dr. John Earl Abra Scholarship in Orthodontics	3,121	346	3,467
Rahul Aggarwal Memorial Fund		2,471	2,471
Agriculture and Home Economics Loan Fund	2,828	14,868	17,696
Agriculture Engineering Scholarship		1,628	1,628
Agriculture Faculty Awards	7,640	1,256	8,896
Sir James Aikins Fund	13,137	1,500	14,637
Lloyd Aitken Memorial Bursary	5,000	195	5,195
Aaron Akman Scholarship Fund	5,057	590	5,647
Alberta Award — Admin. Studies		505	505
Dr. Frank Allen Medal Fund	2,057	193	2,250
Altrusa Club of Winnipeg Award	1,550	101	1,651
Anatomical Research Fund	59,744	20,994	80,738
Clara Kemila Anderson Memorial Fund	5,198	1,047	6,245
Arthur Andersen & Co. Fellowship		11,125	11,125
Frances J. Anderson Trust Fund	24,857	2,935	27,792
T. A. (Stoney) Anderson Gold Medal	700	121	821
Architecture Endowment Fund		56,095	56,095
Armed Forces Memorial Award	6,498	894	7,392
The Henry Percy Armes Memorial Lectures Fund	12,000	5,205	17,205
Doreen Ash Memorial Prize	1,335	245	1,580
Association of Professional Engineers of Manitoba Fund	10,000	6,418	16,418
The Charles Lorraine Atkinson Fund	36,000	4,561	40,561
The A. J. Averbach Memorial Prize	1,000	112	1,112
Back to the Land Assistance Association Prize	11,913	3,063	14,976
Rose Dora Baru Prize in Judaic Studies	1,488	236	1,724
Emma J. Bates Memorial Fund	9,441	1,221	10,662
Michael Beach Memorial Fund	3,097	356	3,453
Ed & Evelyn Bell Bursary	2,402	273	2,675
C. K. Bell Memorial Fund	1,111	242	1,353
L. Nian Bellan Memorial Scholarship Fund		918	918
The Caroline Berbrayer Scholarship Fund	23,495	3,871	27,366
Prof. C. P. Bennett Thesis Award	2,739	99	2,838
Benidickson Reading Room	25,000	571	25,571
The Edith Rose Berger Scholarship in Judaic Studies	3,117	364	3,481
Harry Berger Scholarship Fund	3,184	817	4,001
Rozelle Berger Bursary	4,000	794	4,794
Norman S. Bergman Bursary	901	122	1,023
Emil Bernier Memorial Bursary Fund		1,178	1,178
Charles Biesick Memorial Bursary	3,568	338	3,906
Bison Foundation	4,747	6,993	11,740
The Olafur Bjornson Prize	829	93	922
Lt. James Wallace Black Memorial Award	1,775	180	1,955
Cecil Black Memorial Law Bursary	2,000	224	2,224
Cecil Black Memorial Prize in Current Legal Problems	1,500	166	1,666
Cecil Black Memorial Prize in Estate Planning	1,500	166	1,666
Dr. William Bloom Prize Fund	985	110	1,095
Dr. Ben Bookhalter Scholarship		1,092	1,092
The Jack Blumberg Memorial Prize	1,024	114	1,138
Boise Cascade Scholarship	19,572	2,008	21,580
Dorothy M. Bolton Scholarship Fund	2,524	606	3,130
The Ethel Louise (Armstrong) and John Esterbrook Botterell Fund	4,784	648	5,432
Botany Dalgarno Distinguished Visitor Award		15,915	15,915
Dr. Manly Bowles Scholarship	3,214	365	3,579
Stella Boyd Memorial Scholarship	2,600	211	2,811
Dr. George A. Brass Teaching Fund	9,673	8,743	18,416
Aaron Bricker Memorial Scholarship Fund	2,024	230	2,254

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Bristol Aerospace Limited — M. Murray Auld Bursary	$ 3,191	$ 336	$ 3,527
Alan Bronfman Family Scholarship	37,845	4,315	42,160
The Rosa Brook Scholarship Fund	3,312	377	3,689
The Israel Brotman Memorial Bursary	2,437	300	2,737
Helen Broughton Prize	2,715	381	3,096
Estate of Dora M. Brown	5,287	22,085	27,372
Neil Kay Brown Memorial Bursary		617	617
Richard Brown Memorial Bursary	2,538	291	2,829
George Brownell Memorial Prize	15,898	2,719	18,617
Robert Bruce Memorial Fund	3,664	414	4,078
Dr. Michael Bruser Memorial Bursary	7,391	849	8,240
Dr. Michael Bruser Memorial Fund	7,156	1,862	9,018
Nathan S. Bubbis Memorial Bursary	13,221	1,502	14,723
The Manley Burshtein Memorial Bursary in Medicine	8,928	2,305	11,233
Sarah F. Burshtein Memorial Bursary	6,163	1,318	7,481
Dr. L. W. Caldbick Scholarship	2,217	251	2,468
James H. Cameron Scholarship	10,955	2,231	13,186
Janet Ian Cameron Memorial Bursary	1,599	600	2,199
The Caminetsky Prize in Pharmacology and Therapeutics		929	929
A. Lorne Campbell, Q.C. Fund		2,162	2,162
Dr. and Mrs. Ralph Campbell Outreach Award	1,428	840	2,268
Dr. William F. Campbell Scholarship in Orthodontics	3,911	445	4,356
Canadian Society for Mechanical Engineering Gold Medal	933	78	1,011
Dr. Peter Cansfield Memorial Fund	1,232	350	1,582
Canada Northlands Development Award	6,511	729	7,240
Patricia Card Memorial Bursary	2,239	139	2,378
E. V. Caton Memorial Scholarship	3,230	997	4,227
Chair of Icelandic Language and Literature	225,418		225,418
Chairman of the Board, Special Opportunity Trust Fund	500	326	826
The Chancellor's Prize Fund	3,343	370	3,713
Muriel Brooks Childerhose Memorial Scholarship	2,583	296	2,879
Alice M. Chisholm Bursaries	5,709	1,455	7,164
Charles Gray Chown Scholarship Fund	338,400	146,989	485,389
Dr. H. H. Chown Prize Fund	6,708	1,988	8,696
W. J. Christie Memorial Bursary	9,240	1,050	10,290
A. J. Christie Prizes	3,105	767	3,872
Colonel Edward Churchill Prize	1,677	188	1,865
Estate of Nancy Hetti Clark		6,859	6,859
Maurice Chusid Memorial Bursary	4,668	530	5,198
Class of Arts and Science '30 Prize	638	106	744
Dr. John W. Clay Medal Fund	1,296	245	1,541
John W. Clay Scholarship Fund	8,566	5,208	13,774
Cleft Palate Fund	16,103	4,422	20,525
Harold R. Coish Memorial Scholarship	9,562	1,002	10,564
Anne Cohen Memorial Bursary	11,024	1,635	12,659
Benjamin Cohen Scholarship	3,508	398	3,906
Sara and Moses Cohen Prize in Law	1,778	189	1,967
Dr. E. N. Cole Memorial Fund	2,803	314	3,117
College of Physicians and Surgeons Loan Fund	20,440	12,554	32,994
Roma Collins Memorial Fund		1,282	1,282
Estate of Jo-Ann Cober	40,000		40,000
Hazel G. Cook Memorial Cancer Research Bequest	42,505	73,559	116,064
Commerce Students'Fund for Physical Facilities	201,055	18,593	219,648
Samuel Corman Memorial Bursary	2,264	264	2,528

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
H. I. Corne Prize	$ 1,316	$ 224	$ 1,540
Estate of Elva S. Corrigill	51,231	8,096	59,327
Dr. Vic Corroll General Proficiency Award	1,030	141	1,171
June Helen Coulter Memorial Fund	10,000	1,181	11,181
Peter L. Coultry Memorial Book Prize	1,253	140	1,393
Cowcup Trust Fund		23,863	23,863
Bruce Currie Memorial Scholarship Fund		1,521	1,521
The Peter D. Curry Chancellor's Award	1,000	274	1,274
Estate of James C. Dalgarno	120,917	29,979	150,896
Catherine Elizabeth Davidson Bursaries in Medicine	2,845	531	3,376
Lorna M. Davis Scholarship		452	452
The Dr. N. Demchuk Award	2,875	501	3,376
Dental Museum — History	3,092	495	3,587
Emilie Sumi Denny Scholarship	3,000	470	3,470
Development Campaign	140,500	7,509	148,009
Estate of Dr. Agnes Isabelle Dodds	7,577	24,927	32,504
Joseph Doupé Medal Fund	5,076	1,225	6,301
Dr. Joseph Doupé Memorial Bursaries	3,758	444	4,202
The Ieleane Downey Memorial Book Prize	1,085	124	1,209
Anthony G. Draper Memorial Prize	726	81	807
Nicholas Dubick Memorial Scholarship	5,396	555	5,951
B. B. Dubienski Memorial Scholarship	10,736	1,203	11,939
August Dyck Scholarship Fund	2,772	323	3,095
Frank Edick Memorial Prize	500	56	556
Education Alumni Bursary		1,685	1,685
Grettir Eggertson Fund	2,591	7,603	10,194
The Mary Jane Ego Scholarship	6,110	677	6,787
Eleventh Field Ambulance Fund		691	691
Gissur Eliasson Memorial Scholarship	5,040	588	5,628
Miriam Green Ellis Fund in Animal Science	29,942	18,325	48,267
Miriam Green Ellis Fund in Plant Science	29,190	16,691	45,881
Employers' Association of Manitoba Scholarship in Commerce	12,915	1,463	14,378
English Speaking Union Prize	979	109	1,088
Audrey Watts Ensminger and Francis Watts Johnson Scholarship	10,575	1,037	11,612
Esther Brina Erenberg Memorial Scholarship	1,897	215	2,112
Sarah Essers Book Prize	867	96	963
Estey Family Endowment Fund	21,500	2,739	24,239
The Ewart Chair of Constitutional Law	20,000	10,584	30,584
The John S. Ewart Memorial Fund	65,455		65,455
Faculty of Administrative Studies Library Fund	2,100	323	2,423
Faculty of Dentistry Library Trust Fund	24,958	9,380	34,338
Douglas Bartlett Fahlgren Memorial Prize	2,498	281	2,779
The Ethel M. Falardeau Scholarship (or Bursary) Fund	3,962	987	4,949
Dr. Ivy Falardeau Memorial Bursary Fund	11,900	3,258	15,158
William Fedorus Award	1,570	133	1,703
Dr. Elizabeth Feniak Fund		1,012	1,012
The E. P. Fetherstonhaugh Memorial Scholarship Fund	37,476	4,009	41,485
Financial Executives Institute — Wpg. Chapter	3,000	805	3,805
Fay Finestone Achievement Award	500	42	542
Sam Finkle Memorial Bursary	25,014	5,780	30,794
The David R. Finkelstein Memorial Bursary	3,190	372	3,562
Kenneth Finkelstein Prize in Sculpture	1,075	399	1,474
Miriam Finkelstein Memorial Bursary	2,569	300	2,869
Dr. Robert Fletcher Gold Medal in Education	648	72	720
Fort Garry Chamber of Commerce Bursary	7,173	1,167	8,340
Alf Francis Memorial Prize	1,500	169	1,669
Heinz Frank Memorial Scholarship	9,630	1,093	10,723

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Chief Justice Samuel Freedman Faculty of Law Fund	$ 4,500	$ 956	$ 5,456
Dr. Joseph Freeman Memorial Book Prize	535	60	595
John Kenneth Galbraith Award Fund		363	363
Dr. H. P. H. Galloway Memorial Scholarship	17,291	4,316	21,607
Dr. Matthew Henry Garvin Estate	1,286	519	1,805
Dona Pilley Gauthier Memorial Scholarship		785	785
General Trust	1,443,791	1,424,299	2,868,010
Morris and Bella Genser Bursary	3,287	864	4,151
Geriatric Medical Bursaries		2,436	2,436
The Gershfield Estate Scholarship	1,443	163	1,606
Alexander Gibson Memorial Lectureship Fund		183	183
J. M. Gilchrist Bursary	5,354	624	5,978
Thorsteinn J. Gislason Memorial Scholarship	12,909	1,566	14,475
R. R. Goodwin, QC, Memorial Fund	14,835	1,567	16,402
Sari Golden Memorial Bursary	2,109	239	2,348
Mr. and Mrs. S. W. Golden Prize	554	62	616
Dr. Cyril H. Goulden Memorial Scholarship	3,614	412	4,026
Graduate Award in Pharmacology and Therapeutics	500	296	796
Dr. John M. Grahame Scholarship Fund	6,925	783	7,708
James H. Gray Medal Fund	504	51	555
Hart Green Junior Memorial Prize in Criminal Procedure	1,274	144	1,418
Dr. Norman Greenberg Prize in Dentistry	550	62	612
Gilbert T. Gregory Memorial Prize	1,638	185	1,823
Edward Oliver Grimsdick Memorial Prize	767	86	853
Gershon and Adela Grubert Memorial Scholarship	5,848	648	6,496
Pall Gudmundson Scholarship Fund	60,340	42,942	103,282
Estate of Joseph E. Guertin	108,768	112,956	221,724
Dr. John A. Gunn Memorial Scholarship in Surgery	4,710	547	5,257
Eldon Hagglund Memorial Acquisition Fund	42,517	20,451	62,968
Dr. F. W. L. Hamilton Scholarship Fund	6,311	700	7,011
Joan Harland Scholarship Fund	5,518	971	6,489
Jack Hart Memorial Scholarship		677	677
Margaret Elder Hart Graduate Study Award	8,511	842	9,353
The Hart Scholarship	3,993	994	4,987
Viktor Havlicek Memorial Fund	10,000	1,370	11,370
Charles Hawkins Memorial Bursary	15,021	1,668	16,689
John W. Hawryluk Memorial Scholarship	7,913	1,352	9,265
Leonard Heaton Memorial Scholarship	16,507	3,470	19,977
Dr. Frank Hechter Book Award	1,000	122	1,122
Gerald M. Hechter Bursary in Engineering	10,616	1,211	11,827
Irving L. Hechter Book Award	2,327	545	2,872
Shirley Joy Hechter Memorial Award	2,584	287	2,871
Dr. Ted Hechter Scholarship Fund	963	108	1,071
Mary E. Hedley Fellowship	5,240	2,694	7,934
Dr. R. L. Hedley Memorial Research Fund		8,379	8,379
William J. Hill Memorial Fund	3,991	835	4,826
The Hirsch Memorial Prize	1,576	175	1,751
History Interdisciplinary Fund	1,619	403	2,022
Madge Hogarth Bursary Fund	10,000	4,051	14,051
The Alexandra Wrightson Hogg Scholarship	33,902	4,044	37,946
Dr. A. W. Hogg Bequest	260,347	437,339	697,686
Reverend Joseph Hogg Scholarship	40,206	7,069	47,275
Dr. A. W. Hogg Bequest (Faculty Loan Fund)		57,083	57,083
Abraham Bessie & Mina Hollenberg Bursary Fund	5,363	1,352	6,715
Dr. Esther Gorsey Hollenberg Memorial Bursary	22,570	5,956	28,526
Bernice and William Holub Medical Library Fund	5,235	582	5,817

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Home Economics Manitoba Association Bursary	$ 5,464	$ 620	$ 6,084
Human Ecology Students' Society Bursaries	4,742	538	5,280
Edith F. Hudson Memorial Fund	10,000	14,211	24,211
J. Edgar Hudson B.Sc. Bursary	2,264	1,347	3,611
The Hon. Mr. Justice Hudson Prize in Law		379	379
The Professor W. M. Hugill Memorial Scholarship	10,958	1,244	12,202
Human Ecology 75th Anniversary		521	521
Victoria Hull Memorial Fund	5,466	614	6,080
Michael H. Hykawy Memorial Scholarship	5,005	942	5,947
The Marcus Hyman Memorial Scholarship	3,111	363	3,474
Molly Hyman Award in Art		455	455
Samuel Hyman Memorial Prize	1,440	250	1,690
Dorothy Hunt Memorial Prize		527	527
Immunology Pharmacia	40,000	4,455	44,455
Imperial Seed Co. Ltd. Scholarship	26,635	3,699	30,334
Institute for Social & Economic Research	1,672	109,674	111,346
Interlake Grassland Society Bursaries	11,068	2,306	13,374
Leonard Isaacs Scholarship	6,856	1,256	8,112
Isbister Scholarships	41,855	5,110	46,965
Sonia Roffman Isenberg Prize	473	53	526
Jared Israels Memorial Fund	15,618	3,007	18,625
Sarah and Simon Israels Memorial Lecture Fund	10,425	9,753	20,178
Richard Jackson Memorial Bursary	5,891	970	6,861
The Dr. Elmer S. James Memorial Fund	21,988	22,727	44,715
Dr. A. V. Johnson Memorial Book Prize	616	100	716
William A. Johnston, Q.C. Estate	300,000	3,153	303,153
Mary Hamilton Johnston Memorial Bursary	3,025	107	3,132
Marie Jomini Memorial Scholarship		3,133	3,133
C. Meredith Jones Memorial Scholarship	6,864	1,744	8,608
Hung-Pin & Liu-Shih Kao Scholarship	2,506	638	3,144
Max Kaplan Prize in Legal Aspects of Business Planning	500	20	520
Rose Kare Memorial Fund	2,000	223	2,223
The Sadie Karr Memorial Book Prize	1,009	113	1,122
Aaron Katz Memorial Scholarship	1,462	598	2,060
The Frances and Hyman Kay Bursary	3,289	384	3,673
The Mr. and Mrs. Samuel Fred Kay Bursary	3,177	371	3,548
Dr. A. D. Keenberg Bursary		145	145
Kellogg Foundation Medical Loan Fund	11,255	28,361	39,616
Kellogg Foundation School of Dentistry Loan Fund	14,293	40,110	54,403
Dr. Frank Kennedy Memorial Fund		1,952	1,952
H. W. Kennedy Scholarship Fund	2,078	232	2,310
Joan Kennett Memorial Award	577	64	641
E. B. Kernaghan Bursary	29,276	7,584	36,860
Kidney Transplant Program	2,465	107	2,572
Dr. Alvin Klady Memorial Fund	3,089	747	3,836
Klieforth Prize in American History	1,137	127	1,264
Sheldon F. Kohn Bursary	4,500	493	4,993
David and Marion Korn Award	2,000	286	2,286
Howard Sorrell Koven Memorial Fund	411	913	1,324
Knowles — Hawkins Award	5,000	482	5,482
Adalsteinn Kristjanson Scholarship	67,832	14,748	82,580
Leonard Krueger Centennial Award	1,493	216	1,709
Leonard Krueger Scholarship in Dentistry	1,063	166	1,229
Steve Kucyk Scholarship or Fellowship	10,632	1,255	11,887
Mike Kupfer Memorial Award	3,163	494	3,657
Landscape Architecture Award Fund	1,000	1,202	2,202
Dr. T. J. Lamont Memorial Prize Fund	11,515	2,867	14,382
Sarah Ann Lambert Memorial Fund	12,233	8,293	20,526

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Dr. W. G. Lamberd Memorial Fund	$ 2,249	$ 465	$ 2,714
C. E. L'Ami Prize in Slavic Studies	6,049	670	6,719
H. V. Larusson Memorial Fund	505	111	616
Law Class of 1955 Fund		2,252	2,252
The Rosabelle Searle Leach Scholarship	5,561	786	6,347
Dr. J. M. Lederman Memorial Fund	9,012	1,004	10,016
Alexander Robert Leonard Scholarship	9,545	1,583	11,128
Ed Letinsky Annual Sketch Prize		218	218
Irving Levi Prize in Geology	357	40	397
David Levin Memorial Scholarship	2,360	388	2,748
James Palmer Lewis Lectureship Fund		2,162	2,162
Life Underwriters Association of Canada Prize		4,229	4,229
The Winona Lightcap Memorial Scholarship	3,500	419	3,919
Professor Robert J. Lockhart Memorial Fund	25,725	27,505	53,230
Jack Roy Longstaffe Bursaries	90,000	7,845	97,845
The William McLeod Lougheed Memorial Bursary	6,556	1,139	7,695
Donald George M. Lougheed Memorial Scholarship		2,764	2,764
Dr. G. Lubinsky Memorial Scholarship	2,784	484	3,268
Albert Lucas Prize Fund	1,370	152	1,522
Earl Lunsford Bursary	5,278	775	6,053
Elizabeth Luginbuhl Memorial Award	5,986	955	6,941
Sterling Rufus Lyon Scholarship in Constitutional Law	5,000	1,512	6,512
Michael Lyseyko Memorial Scholarship	3,750	439	4,189
Jack MacDonell Scholarship in Aging	17,650	3,456	21,106
David Ian MacKenzie Medal in Zoology	1,100	130	1,230
MacLaughlin-Hart Gold Medal Fund	1,992	223	2,215
Irwin H. Mael Pharmacy Student Loan Fund	512	324	836
Mah Society Bursary	10,000	228	10,228
Laurell Maley Memorial Bursary Fund	2,767	491	3,258
Mykyta I. Mandryka Scholarship	2,113	321	2,434
Manitoba Dental Association — Dental Hygiene Student Loan Fund	2,694	9,155	11,849
Man. Dental & Man. Alumni Assoc. Fund		38,979	38,979
Manitoba Diamond Jubilee Scholarship Fund	1,302	144	1,446
Manitoba Naturalists Society Scholarship	4,500	531	5,031
Manitoba Pharmaceutial Association Fund	19,115	2,232	21,347
Ralph Allan Mann Memorial Fund	6,204	5,134	11,338
Connie and Major Margolis Bursary	3,833	402	4,235
Mr. and Mrs. Max Margolis Prize	4,951	576	5,527
Anne Matas Memorial Prize in English	1,338	153	1,491
Charles A. May Memorial Bursary	702	86	788
Dr. Clifford McCormick Memorial Fund	5,093	679	5,772
Dr. W. A. McElmoyle Memorial Bursary	10,000	2,314	12,314
Donald K. McIvor Scholarship in Geology & Geophysics		125	125
The Alexander McIntyre Prize in Education	3,986	442	4,428
Allan McKean Memorial Scholarship	4,686	546	5,232
John McKechnie Memorial Scholarship	6,814	795	7,609
M.C.L. Bird Station Bursaries	13,452	3,223	16,675
Mrs. V. McLaughlin Memorial Award		313	313
Dr. Harry Percival McPhail Memorial Scholarship	5,840	3,151	8,991
Medal of Merit in Home Economics	2,751	611	3,362
Medical Faculty Women's Club Centennial Prize in Medicine	2,307	574	2,881
Medical Faculty Women's Club Loan Fund	1,217	1,503	2,720
Medical Immunology Special Research Fund	20,000	2,227	22,227
Medical Library Trust Fund	96,675	9,902	106,577
Medical Research Fund	5,102	14,415	19,517
Betty Meltzer Memorial Prize	1,006	112	1,118
Sara Meltzer Memorial Prize	4,117	1,044	5,161

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Lillian Slusman Meyers Bursary in Medicine	$	$ 528	$ 528
Estate of Sam Micsan	35,672	41,847	77,519
Estate of Sydney L. Morantz	5,000	1,727	6,727
L. D. Morosnick Prize	1,267	211	1,478
Estate of Mona G. Morrison		2,827	2,827
Jean Morton Memorial Bursary	3,885	989	4,874
W. L. Morton Gold Medal in History	1,267	338	1,605
George Mower Memorial Prize	647	72	719
Dan Muir Memorial Award	6,651	737	7,388
Paul Myers Memorial Award	760	125	885
Terry Jon Myers Award	3,054	618	3,672
Nabisco Chair in Marketing	80,000	1,874	81,874
Neaman-Shenkarow Opportunity Fund	10,000	2,900	12,900
Samuel M. Neamtan Memorial Scholarship	5,052	850	5,902
Walter C. Newman Fund	10,190	1,137	11,327
Nicholson Memorial Fund	4,150	462	4,612
Dr. J. R. W. Nicholson Prize in Medicine	1,000	121	1,121
The Nickerson Prize in Pharmacology and Therapeutics	4,579	1,140	5,719
Burt Nitikman Memorial Lectures Fund	1,500	62	1,562
The Honourable I. Nitikman and Mrs. I. Nitikman Prize	1,265	210	1,475
The Alex Noble Memorial Scholarship	2,532	361	2,893
The George Alastair Noble Bursary	2,272	262	2,534
Bernard Noonan Memorial Fund	1,115	124	1,239
Hon. John Norquay Scholarship	2,375	133	2,508
Northern Sales Co. Ltd. — C. O. Swartz Fund	25,000	14,502	39,502
Mark Lewis Nozick Memorial Scholarship	11,570	1,756	13,326
Nursing Education Endowment Fund	29,326	16,824	46,150
Okamura Trust Fund		1,016	1,016
Old Age Pensions Society of Manitoba Incorporated	1,000	111	1,111
The Mindel and Tom Olenick Medal and Prize in Microbiology	5,064	566	5,630
Dr. Morley Oretzki Scholarship Fund	1,599	275	1,874
Gordon P. Osler Fund	20,000	709	20,709
William James Osborne Scholarship	7,685	1,322	9,007
Halsey A. Park Memorial Prize	277	31	308
Florence Pauls Prize in Nursing	1,502	249	1,751
Nels and Elvira Pearson Scholarship Fund	3,924	435	4,359
H. C. Pentland Memorial Fund		881	881
Personnel Association of Greater Winnipeg	1,000	111	1,111
Aaron Jenkins Perry Memorial Scholarship	48,658	8,723	57,381
Perth Services Ltd. Award		1,633	1,633
David Renfrew Petrie Memorial Medal	1,384	236	1,620
Richard (Dick) Lorne Pierce Memorial Bursary	2,467	417	2,884
Carol-Anne Plezia Memorial Bursary	9,879	1,960	11,839
Portnoy Prize Fund	1,183	135	1,318
Mr. and Mrs. Charles Portnuff Prize in Medicine	2,028	518	2,546
Baird Poskanzer Memorial Fund	4,381	1,781	6,162
Estate of Thomas James Pounder	26,515	31,119	57,634
Edward Ross Pressman Memorial Bursary	3,234	555	3,789
John Angus Prescott Memorial Book Prize	571	63	634
President's Scholarship Fund		2,652	2,652
President's Special Projects Fund		428	428
Estate of J. M. Pritchard	10,000	1,114	11,114
Willard J. Condo Prosthodontic Bursary Fund	12,000	15,015	27,015
Dr. Donald B. Proctor Memorial Fund	8,699	1,299	9,998
Protein & Polypeptide Hormone Trust Fund	750,000	236,581	986,581
Leon Provancher Prize in Systematic Zoology	4,319	1,075	5,394
Prowse Prize Fund	30,598	7,635	38,233
Psychology Alumni Faculty Scholarship Fund	4,054	106	4,160

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
Dr. James Pullar Memorial Trust	$ 25,306	$ 2,988	$ 28,294
The R.A.C. Memorial Scholarship	3,112	528	3,640
R.C.N.V.R. (Women's Auxiliary Scholarship Loan Fund)	2,038	10,492	12,530
Dr. Maxwell S. Rady Scholarship in Obstetrics and Gynaecology	5,415	606	6,021
Dr. Maxwell S. Rady Scholarship	3,000	350	3,350
Josefine C. Rauch Memorial Prizes	4,868	988	5,856
Dr. Marvin Raynes Memorial Prize	1,244	290	1,534
Refresher Courses in Medicine		38,172	38,172
Donald Parker Reid Bursary in Medicine	13,270	2,940	16,210
Catherine Elizabeth Reimer Memorial Fund	2,695	465	3,160
Dr. Vernon B. Rhodenizer Graduate Scholarship	12,018	1,729	13,747
Jack Rice Memorial Scholarship	2,060	517	2,577
The Marcel Richard — L'Alliance Francaise Prize	2,347	260	2,607
Cecil C. Richards Memorial Award	5,000	1,566	6,566
Mrs. Natalie Riedle Endowment Fund	84,434	9,970	94,404
Mrs. Ethel Roberts Memorial Prize	1,370	242	1,612
Arlene Meredith Roberts and Dr. T. J. Speakman Memorial Research Fund	2,000	230	2,230
Mary L. Robertson Memorial Scholarship	1,800	215	2,015
Esther Robinson Scholarship	4,000	466	4,466
Rockefeller Foundation Fund	244,363	498,477	742,840
Maysie Roger Memorial Fund	6,769	1,186	7,955
Arnold G. Rogers Medical Library Fund	8,349	870	9,219
Patricia Ruth Rogers Music Award	1,900	314	2,214
Dr. Sydney L. Rogers Scholar Fund	2,050	384	2,434
The Dr. Nelles Rollins Memorial Bursary	8,000	4,198	12,198
Elizabeth Lewis Rose Memorial Book Prize in Foods and Nutrition		747	747
Mark Rose Memorial Book Prize in Pharmacy		747	747
Dr. Charlotte W. Ross Memorial Prize and Gold Medal	5,534	1,378	6,912
John L. Ross, Q.C. Moot Competition Travel Award	5,450	491	5,941
A. Allyn Rossen Award for Proficiency in Cardiovascular Investigation	6,788	1,219	8,007
Dr. & Mrs. Victor Rosenfield Fund	2,158	787	2,945
Nathan Rothstein Prize	1,344	236	1,580
Nathan Rothstein Prize in Film Studies	2,800	503	3,303
Kenneth Roulston Memorial Scholarship	5,429	904	6,333
Royal Air Force Auxiliary Memorial Scholarship	2,837	331	3,168
Antoni and Helen Rudan Memorial Scholarship	2,372	262	2,634
J. B. Rumberg Memorial Fund	1,481	166	1,647
John A. Russell Alumni Bursary	17,406	2,956	20,362
Bernice W. Safeer Prize	1,348	149	1,497
Rachel and Isaac Sair Scholarship	5,595	946	6,541
Dr. and Mrs. H. H. Saunderson Award Fund	44,794	7,816	52,610
Dr. H. H. Saunderson Award in Dentistry	5,439	603	6,042
The Anastasia Sawula Prize	1,518	170	1,688
School of Art Scholarship Fund		2,952	2,952
School of Physical Education Memorial Award		711	711
Estate of Abraham Schwartz	1,000	110	1,110
Bernard C. Schwartz Scholarship	28,330	6,073	34,403
Fredrick Otto Schwartz Medical Library Memorial Fund	5,303	590	5,893
Science Students' Association Bursary	6,123	1,032	7,155
Seagram Visiting Lecture Fund	10,000	1,177	11,177
Dr. Sunil K. Sen Scholarship	1,230	202	1,432
Lord Selkirk Association of Rupertsland Memorial Scholarship	10,084	1,148	11,232

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Gladys Waldman Shaffer Memorial Bursary	$ 2,500	$ 272	$ 2,772
Mr. and Mrs. Alexander Shack Prize in English	9,611	1,509	11,120
Philip Shane Memorial Bursary	9,000	1,193	10,193
Mr. and Mrs. J. D. Shanski Bursary	5,838	1,398	7,236
John Shanski Physical Education Bursary	6,000	736	6,736
John M. Sharp Memorial Fund	15,562	1,737	17,299
Dr. John P. Shaw Scholarship Fund	16,069	5,066	21,135
The Polly and George Sheps Prize	3,840	500	4,340
Dr. Alvin Shinoff Medal		1,733	1,733
W. H. Shinn Memorial Bursary	6,000	1,041	7,041
The Morris and Sarah Shnier Memorial Bursary	4,589	797	5,386
Mr. and Mrs. Max Shore Travelling Scholarship		10,745	10,745
Morris Shore Scholarship in Business Administration	9,784	1,779	11,563
Morris Shore Scholarship Fund	4,701	595	5,296
Mr. and Mrs. S. Sigurdson Memorial Scholarship	2,607	458	3,065
Edwin Silver Scholarship		1,000	1,000
Rubin Simkin Fund	3,368	863	4,231
The Mr. and Mrs. Saul Simkin Bursary in Medicine		5,761	5,761
Norman William Simmons Memorial Award		75	75
W. J. (Bill) Sinclair Memorial Award	1,000	2,078	3,078
The Robert Sirluck Scholarship in Canadian History	3,885	454	4,339
The Mr. and Mrs. J. Skaletar Memorial Scholarship	3,808	1,260	5,068
Mark Smerchanski Prize	775	159	934
Dr. Emanuel Snell Bursary		1,043	1,043
Dr. Elizabeth B. Smith Award	1,474	825	2,299
Grant Smith Memorial Bursary		287	287
The Society of Management Accountants of Manitoba — Robert Syme Memorial Scholarship	5,171	376	5,547
Lieutenant Morris Soronow Memorial Scholarship	1,646	287	1,933
Lieutenant M. M. Soronow Memorial Prize	1,270	212	1,482
Mr. and Mrs. George Soudack Scholarship for the Humanities	3,415	399	3,814
Special Emergency Award Fund		915	915
Special Scholarships in Home Economics	11,452	2,228	13,680
Winthrop Spencer Scholarship Fund	5,503	991	6,494
Morton Stall Memorial Scholarship	2,615	318	2,933
Olive Beatrice Stanton Award for Excellence in Teaching	34,752	5,406	40,158
Estate of Esther R. Steele	27,731	3,405	31,136
The Dr. Jon Stefansson Memorial Scholarship	5,566	1,457	7,023
Veelia and Sharon Stern Memorial Award	8,957	1,638	10,595
A. M. Stewart Memorial Bursary	3,665	427	4,092
Paul Stewart Memorial Fund	938	234	1,172
Ronald K. Stewart-Hay Memorial Bursary	3,640	670	4,310
E. W. Stringham Award for Excellence in Animal Science	5,171	1,131	6,302
Student's Architectural Society Award	3,841	957	4,798
Summer Session Students' Council Memorial Bursary Fund	20,095	8,901	28,996
The Nathan Sures Scholarship	1,556	181	1,737
Edna Sutherland Bequest	15,935	12,945	28,880
David L. Swancar Memorial Fund for Legal Research	6,850	2,512	9,362
Robert Syme Memorial Fund	12,641	485	13,126
Wasyl Swystun Prize in Ukrainian Studies		1,024	1,024
Sam and Mary Szach Bursary	5,000	528	5,528

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Lawrence Tapper Prize in Accounting	$ 526	$ 60	$ 586
Dallas Taylor Memorial Prize	2,066	231	2,297
Dr. Ellen Fraser Taylor Faculty of Medicine Development Fund	151,662	82,378	234,040
Nena Tessler Memorial Bursary	4,444	761	5,205
L. J. Thomas Prize		2,173	2,173
The Rhys Thomas Memorial Prize in Music	694	83	777
W. W. Thomson Scholarship Fund	12,952	2,058	15,010
Ernest Payson Thompson Memorial Bursary Fund	4,975	845	5,820
Elizabeth and Robert Tibbs Memorial Bursary	2,481	614	3,095
John R. Troniak Memorial Award Fund	6,083	1,220	7,303
Dr. J. R. Trott Memorial Fund		4,787	4,787
Alfred Rea Tucker Memorial Scholarship	58,204	10,646	68,850
Bessie Turner Memorial Prize	1,325	147	1,472
The Frederick W. Tuxworth Bursary	11,122	1,882	13,004
U. of M. Football Scholarship Fund		22,573	22,573
U. of M. Hockey Scholarship Fund		19,003	19,003
U. of M. Swim Team		22	22
University Fund for Property Replacement	53,925	18,872	72,797
University Women's Club of Winnipeg Scholarship in Nursing	2,569	446	3,015
Jack S. Verner Memorial Scholarship	4,361	509	4,870
Vineberg Research Prize in Psychology	1,052	118	1,170
Garson N. (Gerry) Vogel Memorial Award	5,266	859	6,125
Christian Walker Memorial Bursary	16,528	2,072	18,600
Norma E. Watts Walker Award	2,756	472	3,228
Wallace and Akins Limited Bursary	11,081	1,883	12,964
Professor Sidney Warhaft Memorial Fund	8,402	971	9,373
Dr. L. A. H. Warren Chair in Actuarial Science	136,075	6,140	142,215
Samuel Weiner Memorial Fund	40,796	4,683	45,479
H. E. Welch Award of Excellence in Zoology	902	17	919
The Helga Nielson Westdal Memorial Bursary	2,835	507	3,342
Digby Wheeler Radiological, Educational and Fellowship Trust	514,680	650,607	1,165,287
Isabel Wettlaufer Scholarship		1,085	1,085
Kathy Windsor Memorial Bursary	10,067	2,560	12,627
Dr. S. J. Winkler Memorial Award		4,409	4,409
Winnipeg Branch — Canadian Physiotherapy Association Loan Fund	298	1,021	1,319
Winnipeg Dental Society — Dentistry Research Fund	3,500	2,135	5,635
Winnipeg Women's Air Force Auxiliary Memorial Bursary	5,058	1,062	6,120
J. Wolinsky Scholarships	8,204	810	9,014
Jack Woodhouse Memorial Bursary Fund	2,262	405	2,667
Don Wright Scholarships in Music	14,703	821	15,524
A Yaciw Fund for Ukrainian Studies	20,000	444	20,444
Philip Yaffe Memorial Prize	2,492	426	2,918
Dr. A. A. Yauniskis Memorial Scholarship Fund	10,263	1,824	12,087
Dr. Tet Pin Yong Award in Undergraduate Surgery	1,598	539	2,137
Sarah Zarow Prize in Prosthodontology		620	620
Mary and Joe Zeal Prize	1,167	256	1,423
Pauline and Samuel Zinman Prize in Constitutional Law	1,338	149	1,487
Zonta Club of Winnipeg Bursary	4,784	790	5,574
	8,893,529	5,317,882	14,211,411
Less: Loans to Students and Staff, Contra	7,224	111,789	119,013
Subtotal: The University Investment Trust Fund,	8,886,305	5,206,093	14,902,398

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Specific Trusts:			
Administrative Studies Associates Fund	$	$ 362,226	$ 362,226
Admin./Transport Building		515	515
Tim Black Memorial Award	1,000	226	1,226
Estate of Gertrude E. Childs	6,075	1,325	7,400
James H. Cook Memorial Bursary	7,079	1,796	8,875
Joseph Doupé Building Fund		252,482	252,482
Lawrence Genser Music Scholarship	8,622	2,025	10,647
Hamilton Memorial Research Scholarship	20,000	3,561	23,561
Dale Henwood Lectureship Fund	6,000	2,346	8,346
Dr. Ellis J. Jarjour Fund	1,000	71	1,071
Maclachlan Charitable Trust Fund	150,000	86,251	236,251
Dr. Lorne E. MacLachlan Educational Endowment Fund	50,000	31,647	81,647
Laurell Maley Bursary Fund	1,638		1,638
Manitoba Medical College	71,554	8,952	80,506
Roscoe R. Miller Scholarship	7,500	1,916	9,416
Mr. Justice & Mrs. I. Nitikman Prize	2,000	196	2,196
Performing Arts Theatre		415	415
Marcel Richard Memorial Fund	5,960	2,607	8,567
H. E. Sellers Chair of Medicine	1,395,000	119,250	1,514,250
Leslie Michael Shelton Memorial Scholarship	9,100	3,704	12,804
Suspense		3,000	3,000
Unemployment Insurance Reduction Fund		383,000	383,000
University of Manitoba Students' Union — University Centre Building Fund		284,994	284,994
Dr. Max Wachnow Orthodontic Scholarship	7,500	1,990	9,490
	1,750,028	1,554,495	3,304,523
Loans to Students and Staff Made from Trust and Endowments Participating in the University Investment Trust Fund, Contra	7,224	111,789	119,013
Subtotal: Specific Trusts and Endowments,	1,757,252	1,666,284	3,423,536
Total Trusts and Endowments, Schedule 15	$10,643,557	$ 6,872,377	$17,515,934

Manitoba

THE UNIVERSITY OF MANITOBA PENSION PLAN (1970)

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements 1, 2 and 3, of The University of Manitoba Pension Plan (1970) for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Manitoba Pension Plan (1970) as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in notes 1 and 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

March 21, 1986,
Winnipeg, Manitoba.

Statement 1

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Balance Sheet
As at December 31, 1985
(with 1984 figures for comparison)

	1985	1984
ASSETS		
Funds on Deposit with an Assurance Company	$ 12,549,200	$ 11,655,109
Held by a Trust Company: (Note 2)		
Cash and Short Term Notes	14,991,272	7,918,133
Mortgages (Market 1985 - $1,030,819; 1984 - $2,459,869) (Note 10)	992,797	2,412,875
Bonds - Canada, Provincial and Provincial Guaranteed, at amortized cost (Note 10) (Market, 1985 - $69,405,519; 1984 - $65,054,446)	64,370,697	63,494,021
Bonds - Corporate, at amortized cost (Note 10) (Market, 1985 - $15,680,851; 1984 - $ 9,837,193)	15,197,432	9,998,795
Stocks - Canadian Common, at market value (Cost, 1985 - $52,055,646; 1984 - $45,449,965)	66,573,026	52,260,908
Stocks - American Common, at market value (Cost, 1985 - $13,628,855; 1984 - $ 6,134,528)	17,108,066	7,016,520
Stocks - Canada Trust Canadian Pooled Pension Equity Fund, at market value (Cost, 1985 - ; 1984 - $ 1,299,983)		1,530,246
Stocks - Toronto Investment Management Equity International, at market value (Cost, 1985 - $ 590,110; 1984 - $ 577,883)	1,178,596	784,224
Stocks - Toronto Investment Management Vengrowth, at market value (Cost, 1985 - $ 300,000; 1984 - $ 300,000)	300,000	300,000
Real Estate - Pooled Fund, at market value (Cost, 1985 - $ 2,000,000; 1984 -)	2,100,000	
Accrued Interest and Dividends Receivable	2,654,226	1,968,098
	185,466,112	147,683,820
TOTAL ASSETS	$198,015,312	$159,338,929
CONTRIBUTION ACCOUNTS AVAILABLE FOR BENEFITS		
Members:		
Regular	$ 93,565,374	$ 75,666,067
Voluntary	4,686,996	3,395,878
	98,252,370	79,061,945
University:		
Regular	89,960,084	72,594,554
General	9,802,858	7,682,430
	99,762,942	80,276,984
CONTRIBUTION ACCOUNTS AVAILABLE FOR BENEFITS	$198,015,312	$159,338,929

Statement 2

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Statement of Pension Plan Contribution Accounts
For the year ended December 31, 1985
(with 1984 figures for comparison)

	Members Accounts		University Accounts		Total	Total
	Regular	Voluntary	Regular	General	1985	1984
Additions:						
Contributions:						
Members, Regular	$ 6,290,952	$	$	$	$ 6,290,952	$ 6,118,270
Members, Voluntary		974,499			974,499	790,368
University, Regular			6,290,952		6,290,952	6,118,270
Transfer from other Plans	45,273	500	45,273		91,046	177,228
Withdrawal Credits				295,022	295,022	389,498
Special Payment (Note 9)				475,000	475,000	
	6,336,225	974,999	6,336,225	770,022	14,417,471	13,593,634
Investment Income (Statement 3)	15,808,084	731,707	15,172,454	1,604,594	33,316,839	9,892,527
	22,144,309	1,706,706	21,508,679	2,374,616	47,734,310	23,486,161
Deductions:						
Benefits:						
Retirements	2,871,168	366,746	2,786,076		6,023,990	3,406,903
Deaths	64,713		62,806		127,519	321,293
Transfers to other Plans	707,865	35,665	695,654		1,439,184	388,662
Deferred and other Annuities	306,364	11,948	305,612		623,924	737,422
Refunds	294,892	1,229	293,001		589,122	843,556
Supplementary Pension (Note 7)				254,188	254,188	243,586
	4,245,002	415,588	4,143,149	254,188	9,057,927	5,941,422
Net Increase for the Year	17,899,307	1,291,118	17,365,530	2,120,428	38,676,383	17,544,739
Balance at January 1	75,666,067	3,395,878	72,594,554	7,682,430	159,338,929	141,794,190
Balance at December 31	$ 93,565,374	$ 4,686,996	$ 89,960,084	$ 9,802,858	$198,015,312	$159,338,929

Statement 3

THE UNIVERSITY OF MANITOBA PENSION PLAN (1970)

Statement of Investment Income
For the year ended December 31, 1985
(with 1984 figures for comparison)

	1985	1984
Interest:		
Assurance Company Deposit Funds	$ 1,106,960	$ 1,198,882
Cash Balances	(12,452)	46,132
Short Term Notes	606,225	1,083,544
Mortgages	254,055	532,783
Government and Corporate Bonds	8,413,772	6,381,649
Dividends:		
Common Stock - Canadian	2,721,131	1,793,504
Common Stock - American	503,045	258,206
Preferred Stock - Canadian		31,898
Canadian Pooled Pension Equity Fund	27,766	46,851
American Pooled Pension Equity Fund		9,137
Equity International	12,227	54,627
Net Increase in accrued income at December 31	686,128	422,187
Total Interest and Dividends	14,318,857	11,859,400
Adjustments:		
Net realized gain on sale of securities	8,262,606	2,004,413
Adjustment of book values of Common Stocks, Preferred Stocks, Pooled Pension Equity Funds and Real Estate to market values	10,555,539	(3,417,357)
Amortization of bond (premium) discount (Note 2)	610,508	(195,156)
	19,428,653	(1,608,100)
	33,747,510	10,251,300
Deduct:		
Administrative Expenses (Note 8):		
External Agencies' management fees	322,009	253,982
University of Manitoba administration charge	108,662	104,791
	430,671	358,773
Investment Income (Statement 2)	$33,316,839	$ 9,892,527

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Notes to the Financial Statements
December 31, 1985

ACCOUNTING POLICIES

1. The annual financial statements of the University of Manitoba Pension Plan (1970) are prepared on a cash basis, modified to include investment income on an accrual basis. The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis.

2. For the purpose of preparing the financial statements and calculating the investment income to be distributed to the Contribution Accounts, the following basis of valuing assets is observed:

   Short Term Investments and Mortgages at cost.

   Bonds at cost adjusted for amortization of premiums and discounts in excess of one percent of par on a straight line basis to December 31 preceding the maturity date.

   Stocks and Real Estate Pooled Fund at market.

GENERAL COMMENTS

3. For the purpose of allocating investment income to the contribution accounts the investment income is determined quarterly. Investment income for a quarter consists of actual and accrued income, capital gains or losses, realized and unrealized, except for unrealized capital gains or losses on bonds. Actual and accrued expenses chargeable to the Plan are deducted before any distribution is made. Effective January 1, 1985 the policy of distributing income to the University General Account was changed from a segregated basis to a pooled basis together with the remainder of the contribution accounts. This change increased the investment income apportioned to the University General Account by $862,951 to $1,604,594. The investment income to the other accounts has been reduced accordingly. Net investment income is distributed pro-rata to all accounts based on the number of units held by such accounts at the beginning of the quarter.

4. The University of Manitoba Pension Plan (1970) is a Trusteed Plan. The assets of the Plan are held in the name of The Trustees of The University of Manitoba Pension Plan (1970). There are seven Trustees, one appointed by the Board of Governors of The University of Manitoba and six elected by the contributors to the Pension Plan from within the Plan membership. The University of Manitoba administers the Pension Plan under the terms of an agreement entered into with the Trustees dated December 31, 1973.

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Notes to the Financial Statements
December 31, 1985

5. Membership in the University of Manitoba Pension Plan (1970) is a condition of employment for staff members with a full-time continuing appointment. The Plan was amended at January 1, 1984 to provide membership from January 1, 1986 for part-time staff. Part-time staff employed for at least three years on a sessional basis or for at least 50 percent of the standard worktime during each pay period must participate in the Plan. Staff appointed on or after January 1, 1984 who meet the employment and earnings requirement of the Pension Benefits Act of the Province of Manitoba must also participate in the Plan. The requirement is employment during two consecutive calendar years, in each of which basic salary has been at least equal to 25 percent of the Canada Pension Plan Maximum Pensionable Earnings for that calendar year. Any staff member employed for at least two consecutive years may elect to be a member of the Plan.

6. The University of Manitoba Pension Plan (1970) provides that each Member of the Plan shall have:

   (a) an Employee Contribution Account which is credited with the Member's contributions and the Account's share of investment income,

   (b) a University Contribution Account which is credited with contributions equal to the Member's regular contributions and the Account's share of investment income.

   At retirement the proceeds of the Member's two accounts are applied to purchase an annuity based on the election made by the Member. This is referred to as the Member's Basic Pension or Money Purchase Pension. The University guarantees that a Member will receive a minimum pension based on an approved formula encompassing the average of the Member's best five years basic salary and years of service. To the extent that a Member's Money Purchase Pension is less than the guaranteed amount, the Member will receive a Supplementary Pension to increase the pension to the required level.

   On termination of employment other than by retirement, a Member may elect to:

   - have the proceeds of the two accounts either applied to purchase an annuity, or be transferred to another Registered Employee Pension Plan, or, provided the administrator of the Plan agrees to administer the Plan in accordance with the provision of The Pension Benefits Act of the Province of Manitoba, to a Registered Retirement Savings Plan or,

- receive a cash payment of their Employee Contribution Account excluding any portion thereof, which is subject to the locking-in requirements of The Pension Benefits Act of the Province of Manitoba. The locking-in applies equally to the University Contribution Account.

The benefit on death prior to retirement is equal to the Member's Contribution Accounts except for the Member's University Contribution Account, contributions and earnings, between April 1, 1979 and December 31, 1984.

7. Since 1970, the Supplementary Pension payments have been made from the University General Account. Funds for the University General Account normally originate from the following:

   (a) that portion of a Member's University Contribution Account which is forfeited when a terminating Member elects a cash settlement of his or her pension accumulation,

   (b) the annual payment required to amortize the unfunded liability of the Plan, as established by the University's actuary, paid into the University General Account by the University from its Fund Account for Benefit Improvement and Maintenance,

   (c) interest earned on the University General Account.

8. The requirements for determining investment income for allocation purposes include the charging of administrative expenses against income. These expenses consist of investment management and custodial fees. In addition, certain salary and benefit costs of the Staff Benefits Office are borne by the Plan. All other direct and indirect expenses are absorbed by the University.

9. An actuarial valuation of the Plan was completed during 1984 as of December 31, 1983. The valuation reported that the Plan based on then current provisions was fully funded with no requirement for special payments. A supplementary actuarial valuation was undertaken in 1985 to take into account the January 1, 1985 amendments to the Plan which were required due to changes in The Pension Benefits Act of Manitoba. Incorporation of these changes produced an unfunded liability of $4,201,000. The payment to liquidate this unfunded liability by December 31, 2000 is $475,000 annually. The Valuation Report and the Supplementary Report have been filed with and approved by the Manitoba Pension Commission. The next valuation of the Plan will be undertaken as of December 31, 1985.

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Notes to the Financial Statements
December 31, 1985

10. The year-end market value of mortgages and of bonds is disclosed as supplementary information only. Market value for mortgages and bonds is not used in the determination of investment income. The market figures shown for mortgages and for bonds were taken from the investment summaries provided by the custodian, Canada Trust Company.

11. A separate money purchase pension plan, The University of Manitoba GFT Pension Plan (1986), was established effective January 1, 1986 for Members of the University of Manitoba Pension Plan (1970) who are employed as Geographical Full-Time Staff of the Faculty of Medicine. Accumulated Geographical Full-Tme Staff contribution account balances as at December 31, 1985 were transferred to this Plan. Only employer contributions are being made to the Plan effective January 1, 1986. The establishment of a separate Plan did not involve any separation of assets. Net investment income will be distributed pro-rata to all accounts of both Plans.

Manitoba

THE UNIVERSITY OF WINNIPEG

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements I and II and Schedules 1 to 13, of The University of Winnipeg for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Winnipeg as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in the Summary of Accounting Principles and Practices applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

June 12, 1986,
Winnipeg, Manitoba.

SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

A These financial statements have been prepared in accordance with generally accepted accounting principles for universities.

B The University employs fund accounting procedures in order to recognize restrictions placed upon the use of resources. Two funds are maintained - the Operating Fund and the Trust and Endowment Fund. However, to provide a total presentation for the University, these funds have been combined in the Statement of Financial Position.

C The Operating Fund contains the following fund account balances which reflect the various separately financed functions recognized by the Board of Regents within the University:

University	- the general operating income and expenditure of the University.
Collegiate	- income and expenditure of the Collegiate Division.
Theology	- income and expenditure of the Faculty of Theology.
Ancillary Services	- the operations of the bookstore, residences, food services and parking.
Research	- sponsored research.
Capital	- expenditures primarily funded by government capital grants.
Special Provisions	- appropriations of fund account balances made by the Board for specific purposes.

D The Trust and Endowment Fund contains donations and bequests which may have restrictions on their use. Unless specified to the contrary, all funds are pooled for investment purposes and the resulting income is distributed to the individual accounts.

E These financial statements are prepared on an accrual basis, with the exception of the government grant to the Collegiate Division which is taken into income when received.

F Capital expenditures are recorded during the year in the fund account from which they were made. At the fiscal year-end these are added both to the appropriate fixed asset account and to the offsetting account for investment in fixed assets. Accounts are reduced by the proceeds from the disposal of assets. No depreciation is charged.

G Equipment and renovation expenditures are charged to the departments incurring them, unless the expenditures are funded out of provincial miscellaneous capital grants or out of the Trust and Endowment Fund in which case the expenditures appear in the Capital Fund Account or in the Trust and Endowment Fund respectively.

H Assets being acquired under capital leases are not included in fixed assets until the option to purchase has been exercised.

THE UNIVERSITY OF WINNIPEG
STATEMENT OF FINANCIAL POSITION
as at 31 March 1986
(with comparative figures for 1985)

ASSETS

	1986 $000	1985 $000
Cash	$ 166	$ 391
Investments (Note 1 & Schedule 1)	2,095	1,293
Provincial Grants Receivable	67	88
Accounts Receivable (Note 2)	702	744
Inventory (Note 3)	260	219
Prepaid Expenses	46	49
	3,336	2,784
Investments Held for Trust and Endowment Fund (Note 1, Schedule 1)	5,349	5,188
Fixed Assets: (Note 4)		
Buildings and Sites	45,801	45,456
Equipment and Furniture	8,178	7,484
Library Books	6,276	5,805
	60,255	58,745
	$68,940	$66,717

Approved by the Board of Regents

Alan Hanna

A. H. Hanna
Chairman

J. D. MacDonald
Chairman, Finance Committee

Statement I

LIABILITIES

	1986 $000	1985 $000
Accounts Payable	$ 1,477	$ 1,227
Deferred Income	502	446
Funds Held for Special Purposes	123	120
	2,102	1,793
Mortgage Payable (Note 5)	567	576
Fund Balances: (Statement II)		
Operating Fund		
University	97	108
Collegiate	226	208
Ancillary Services	217	119
Research	224	173
Special Provisions	397	307
	1,161	915
Trust and Endowment Fund (Schedule 13)	5,496	5,339
	6,657	6,254
Investment in Fixed Assets (Schedule 2)	59,614	58,094
	$68,940	$66,717

See Summary of Accounting Principles and Practices
and the Accompanying Notes and Schedules.

THE UNIVERSITY OF WINNIPEG
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended 31 March 1986
(with comparative figures for 1985)

	- - - - - - - - - -OPERATING FUND- - - - - - - - - -		
	University **$000** (Schedules 4 & 5)	**Collegiate** **$000** (Schedule 6)	**Theology** **$000** (Schedule 7)
Income:			
Government Grants	$16,807	$ 337	$
Student Fees	5,308	1,028	84
Gifts, Grants & Bequests			78
Investment Income	211		
Other Income	740	165	
	23,066	1,530	162
Expenditure:			
Academic	14,091	1,056	145
Research	133		
Library	1,730	15	
Academic Support	1,151		
Student Services & Awards	734	26	
Administration & General	2,641	93	10
Plant Maintenance	2,396	41	4
Other Expenditure	242	201	72
Equipment & Renovations		80	
Building and Sites			
	23,118	1,512	231
Interfund Transfers (Schedule 3)	192		69
Net Change before Appropriations	140	18	
Appropriations to Special Provisions	(151)		
Net Change for Year	(11)	18	-
Balances Beginning of Year	108	208	
Balances End of Year, Statement I	$ 97	$ 226	-

Statement II

-OPERATING FUND-				TRUST and ENDOWMENT FUND	TOTAL	
Ancillary Services $000 (Schedule 8)	Research $000 (Schedule 9)	Capital $000 (Schedule 10)	Special Provisions $000 (Schedule 11)	$000 (Schedule 12)	1986 $000	1985 $000
$	$	$675	$	$	$17,819	$19,983
					6,420	6,067
	1,138			485	1,701	1,491
				498	709	673
1,690		39			2,634	2,006
1,690	1,138	714		983	29,283	30,220
					15,292	14,000
	1,158				1,291	1,097
				8	1,753	1,777
					1,151	1,208
				396	1,156	1,032
					2,744	2,386
					2,441	2,554
1,592		40		19	2,166	1,996
		502			582	745
		304			304	2,801
1,592	1,158	846		423	28,880	29,596
	71	71		(403)		
98	51	(61)		157	403	624
		61	90			
98	51	-	90	157	403	624
119	173		307	5,339	6,254	5,630
$ 217	$ 224	-	$397	$5,496	$ 6,657	$ 6,254

See Summary of Accounting Principles and Practices and the Accompanying Notes and Schedules.

Notes to the Financial Statements

1. Investments

Investments are recorded at cost. The Operating Fund's investments comprise short-term notes whose market value approximates their cost. The aggregate market value of the Trust and Endowment Fund investment is $5,652,441 (1985 - $4,760,953).

2. Accounts Receivable

Student fees receivable form $102,340 (1985 - $285,896) of the accounts receivable balance, which also includes an allowance for doubtful accounts of $41,106 (1985 - $47,681).

3. Inventory

This balance comprises the Bookstore's inventory and is valued at the lower of cost or net realizable value.

4. Fixed Assets

The Fixed Assets are shown at the values established in the following appraisals with all subsequent additions recorded at cost.

Land	Royal Trust Co.	31 March 1968
Buildings	National Appraisal Consultants Ltd.	31 March 1978
Equipment, Furniture and Library Books	General Appraisal Co.	21 February 1967

5. Mortgage Payable

This liability consists of:

Canada Mortgage and Housing Corporation
5 3/8% mortgage due 2 April 2012 $567,240 (1985 - $576,433)

The annual payments of $40,055 on the CMHC mortgage are financed by a special grant from the Provincial Government.

6. Interfund Balances

As of 31 March 1986, the Trust and Endowment Fund owed $86,187 (1985 - $137,276) to the Operating Fund.

7. Other Expenditure

Included in the Other Expenditure totals on Statement II is an amount of $282,363 representing the Manitoba Health and Post Secondary Education Tax Levy.

8. Capital Lease

The University has under lease, with the option to purchase, approximately $490,000 (1985 - $540,000) of computer equipment. The latest lease expiry date is 31 March, 1988. The leasing costs are charged to operating expenditure.

9. Property Taxes

Property taxes, except those on property held for future expansion and for investment, are not included in the accounts. The Province of Manitoba provides the City of Winnipeg with a grant in lieu of taxes for the University. The amount of this grant was $1,463,882 (1985 - $1,170,644).

10. Investment Income

The Trust Fund investment income is shown net of a loss on sale of investments and administrative expenses.

11. University of Winnipeg Pension Plan

An actuarial valuation of the plan as at 31 December 1984 indicated a surplus of $190,000. However any unfunded liability that may arise from future valuations will have to be funded by the University, since this is a defined-benefit plan.

Certain additional pensions totalling $60,514 (1985 - $68,156) are paid out of the Operating Fund.

12. Reclassification of Comparative Figures

Certain 1985 comparative figures have been reclassified to conform with the financial presentation adopted for 1986.

Summary of Investments Schedule 1

	31 March 1986		31 March 1985
	Market	**Cost**	**Cost**
Bonds and Debentures			
Government of Canada	$1,883,823	$1,771,413	$1,653,294
Provincial	274,205	262,442	50,000
Provincial Guaranteed	323,107	309,781	222,102
Municipal			44,775
Corporate	747,267	724,519	1,788,334
	3,228,402	3,068,155	3,758,505
Stocks	1,467,968	1,324,345	19,000
Property	287,408	287,408	
Term Deposits	2,763,096	2,763,096	2,703,941
Total Investments	$7,746,874	$7,443,004	$6,481,446

Held for:			
Operating Fund, Statement I	$2,094,433	$2,094,433	$1,293,285
Trust and Endowment Fund			
Mennonite Studies	743,039	686,884	692,929
Pooled	4,909,402	4,661,687	4,495,232
Statement I	5,652,441	5,348,571	5,188,161
Total Investments	$7,746,874	$7,443,004	$6,481,446

Investment in Fixed Assets

Schedule 2

	31 March 1986	**31 March 1985**
Additions:		
Capital Fund Account		
Athletic Centre	$ 53,841	$ 2,016,577
MacNamara Hall	231,939	927,523
Equipment	295,983	386,143
Renovations	60,501	263,325
Mortgage Principal Reduction	9,193	8,718
University Fund Account		
Equipment and Furniture	254,811	193,906
Library Books	471,637	485,001
Research Funds	142,657	98,991
	1,520,562	4,380,184
Balance Beginning of Year	58,093,967	53,713,783
Balance End of Year, Statement I	$59,614,529	$58,093,967

Interfund Transfers Schedule 3

	-Operating Fund-				Trust and
	University	Theology	Research	Capital	Endowment Fund
Academic Expenditures	$ 77,031	$	$	$	$ (77,031)
Administration and General Expenditures	111,692				(111,692)
Other Income	2,783				(2,783)
Theology Subsidy		69,255			(69,255)
Western Canada Pictorial Index			70,800		(70,800)
MacNamara Hall Link				71,295	(71,295)
31 March, 1986, Statement II	$191,506	$69,255	$70,800	$71,295	$(402,856)
31 March, 1985	$206,670	$72,853			$(279,523)

University Income

Schedule 4

	1986	1985
Government Grants:		
Provincial		
Operating	$16,575,271	$15,855,658
Supplementary	128,428	176,375
Federal	103,056	344,224
	16,806,755	16,376,257
Student Fees:		
Regular	3,677,936	3,458,887
Spring and Summer	491,422	483,554
Non-Credit	397,491	487,923
Other	741,296	620,235
	5,308,145	5,050,599
Investment Income	210,815	152,323
Other Income:		
Contracts	703,218	310,879
Miscellaneous	37,495	16,431
	740,713	327,310
Total Income, Statement II	$23,066,428	$21,906,489

University Expenditures

	Academic Salaries	Support Salaries	Benefits
Faculty of Arts and Science			
Anthropology	$ 276,424	$ 22,164	$
Biology	734,116	39,742	
Chemistry	451,534	25,012	
Classics	166,986	664	
Economics	352,583	3,010	
Education	136,109	9,810	
English	856,394	7,765	
French	341,421	5,076	
Geography	692,891	9,148	
German	161,943	2,530	
History	911,418	4,076	
Mathematics	529,295	21,528	
Philosophy	347,856	4,099	
Physics	323,012	10,784	
Political Science	482,513	8,862	
Psychology	1,016,586	37,255	
Recreation & Athletics	158,502	2,478	
Religious Studies	176,394	760	
Sociology	794,707	31,947	
Theatre	329,359	5,652	
Summer and evening	526,317	10,962	
Graduate Studies		24,848	
Faculty Travel			
Dean's Office	219,342	799,109	
Benefits			864,796
	9,985,702	1,087,281	864,796
Other Instruction			
Continuing Education	185,811	273,305	16,121
Contracts	122,405	328,771	20,883
	308,216	602,076	37,004
Mennonite Studies - funded from Trust and Endowment Fund	62,690	142	4,776
Total Academic	10,356,608	1,689,499	906,576
Research			

Schedule 5

Other Expense	Recoveries	TOTAL 1986	TOTAL 1985
$ 10,801	$	$ 309,389	$ 282,385
98,243	(1,400)	870,701	804,415
58,362	(60)	534,848	521,727
1,872		169,522	167,091
2,353		357,946	339,571
8,663		154,582	135,377
4,296		868,455	818,005
2,830		349,327	348,552
40,362	(966)	741,435	703,159
2,174		166,647	156,337
4,978	(126)	920,346	936,204
20,262	(25)	571,060	529,726
3,509		355,464	340,159
18,442		352,238	322,980
5,870		497,245	478,820
45,430		1,099,271	1,082,009
13,317	(166)	174,131	165,772
3,750		180,904	166,901
7,057		833,711	773,744
31,455		366,466	335,075
6,599		543,878	507,468
39,849		64,697	53,524
69,278		69,278	63,473
283,003	(427)	1,301,027	1,268,260
		864,796	822,434
782,755	(3,170)	12,717,364	12,123,168
84,903		560,140	483,939
264,045		736,104	273,908
348,948		1,296,244	757,847
9,423		77,031	72,973
1,141,126	(3,170)	14,090,639	12,953,988
133,500		133,500	130,800

University Expenditures

	Academic Salaries	Support Salaries	Benefits
Library		971,532	83,155
Academic Support			
Computing		269,184	26,374
Media		207,196	15,198
Technical Services		248,704	23,664
		725,084	65,236
Student Services & Awards			
Athletics		406,658	32,374
Counselling		161,832	16,088
		568,490	48,462
Administration and General			
Administration		625,341	52,363
Controller		469,263	107,508
Registrar		365,077	31,506
Printing		213,848	20,900
Community Relations		136,651	8,267
Development - funded from Trust and Endowment Fund		74,844	6,526
		1,885,024	227,070
Plant Maintenance			
Maintenance		828,459	88,683
Cleaning Supplies			
Repairs			
Utilities			
Insurance			
Security			
		828,459	88,683
Other Expenditure			
Renovations			
TOTAL, Statement II	$10,356,608	$6,668,088	$1,419,182

Schedule 5

Other Expense	Recoveries	TOTAL 1986	TOTAL 1985
692,677	(16,956)	1,730,408	1,728,982
286,168	(25,778)	555,948	549,071
85,796	(20,444)	287,746	362,145
47,734	(12,931)	307,171	296,400
419,698	(59,153)	1,150,865	1,207,616
237,125	(115,646)	560,511	444,298
4,054	(8,836)	173,138	155,594
241,179	(124,482)	733,649	599,892
247,117	(31,540)	893,281	752,439
130,900	(78,300)	629,371	607,991
139,769		536,352	495,303
236,772	(308,910)	162,610	168,169
160,250		305,168	236,042
32,703		114,073	97,351
947,511	(418,750)	2,640,855	2,357,295
10,819	(266,910)	661,051	801,136
472,633		472,633	402,482
271,639		271,639	411,409
781,548		781,548	713,691
61,430		61,430	40,798
147,968		147,968	125,556
1,746,037	(266,910)	2,396,269	2,495,072
241,620		241,620	228,180
			142,738
$5,563,348	$(889,421)	$23,117,805	$21,844,563

Collegiate Division Schedule 6

	1986	1985
Income:		
Provincial Government Grants	$ 337,255	$ 289,761
Federal Government Grants		1,501
	337,255	291,262
Student Fees	1,027,670	948,078
Other Income	165,366	83,474
Total Income	1,530,291	1,322,814
Expenditure:		
Salaries	984,581	838,941
Benefits	71,317	58,868
	1,055,898	897,809
Other Expenditure	201,142	165,491
Equipment and Renovations	80,627	67,346
Allocated Costs:		
Library	15,000	18,483
Student Services	26,200	13,100
Administration	92,800	62,100
Maintenance	41,100	47,591
Total Expenditure	1,512,767	1,271,920
Net Income, Statement II	$ 17,524	$ 50,894

Faculty of Theology

Schedule 7

	1986	1985
Income:		
Student Fees	$ 84,187	$ 68,312
Grants - United Church of Canada	78,300	71,400
Total Income	162,487	139,712
Expenditure:		
Salaries	126,731	132,747
Benefits	18,709	13,280
	145,440	146,027
Other Expenditure	71,970	52,246
Allocated Costs:		
Library		1,425
Administration	9,800	1,549
Maintenance	4,532	11,318
Total Expenditure	231,742	212,565
Transfer from Trust and Endowment, Statement II	$ 69,255	$ 72,853

Ancillary Services

	Bookstore	Residence
Income	$1,362,254	$141,344
Expenditure:		
Salaries and Benefits	125,346	12,726
Cost of Goods Sold	1,062,118	
Supplies and Expenses	34,931	66,757
Maintenance & Administration	28,800	117,300
	1,251,195	196,783
Net Income (Expenditure), Statement II	$ 111,059	$ (55,439)
Net Income 1985	$ 58,105	$ 816

Schedule 8

Food Service	Parking	TOTAL 1986	1985
$119,223	$66,696	$1,689,517	$1,535,118
	1,629	139,701	147,139
		1,062,118	949,066
5,183	40,238	147,109	175,995
74,100	22,500	242,700	184,406
79,283	64,367	1,591,628	1,456,606
$ 39,940	$ 2,329	$ 97,889	$ 78,512
$ 16,472	$ 3,119		

Sponsored Research

Schedule 9

	Income	Expenditure	Balance 1986	1985
Natural Sciences & Engineering	$ 374,557	$ 375,840	$ (1,283)	$ 10,785
Social Sciences & Humanities	220,862	201,537	19,325	38,062
Provincial Government	34,466	31,342	3,124	(13,615)
Federal Government	265,606	240,292	25,314	147,596
Others	242,635	308,650	(66,015)	(174,596)
	1,138,126	1,157,661	(19,535)	8,232
Transfer from Trust and Endowment			70,800	-
Net Change for Year, Statement II			$ 51,265	$ 8,232

Capital

Schedule 10

	1986	1985
Income:		
Government Grants		
Provincial		
Capital Grants	$100,000	$2,426,597
Miscellaneous Capital Grants	534,924	534,924
Grant for Mortgage	40,055	40,055
	674,979	3,001,576
Federal		314,820
	674,979	3,316,396
Other	38,955	59,945
	713,934	3,376,341
Expenditure:		
Building and Sites		
Athletic Centre	38,955	2,016,577
MacNamara Hall Renovations	264,701	784,785
	303,656	2,801,362
Equipment and Renovations	502,162	534,924
Other Expenditure - Mortgage	40,055	40,055
	845,873	3,376,341
Transfer from Trust and Endowment	71,295	
Transfer from Special Provisions	60,644	
Net Change for Year, Statement II	-	-

Special Provisions

Schedule 11

	Committed Expenditures	Renovations and Equipment Replacement	Self Insurance	Career Adjustment	Total
Balance Beginning of Year	$	$157,266	$25,000	$125,000	$307,266
Addition:					
Provision 1985-1986	151,000				151,000
Deduction:					
MacNamara Hall Construction		(60,644)			(60.644)
Balance End of Year, Statement II	$151,000	$ 96,622	$25,000	$125,000	$397,622

Changes to Trust and Endowment Fund

Schedule 12

	Capital Accounts	Current Accounts	Total 1986	Total 1985
Additions:				
Gifts, grants and bequests	$12,035	$ 473,330	$ 485,365	$ 445,738
Investment Income		497,502	497,502	516,555
	12,035	970,832	982,867	962,293
Deductions:				
Library Books		8,305	8,305	28,497
Awards		396,124	396,124	382,164
Other		18,620	18,620	55,447
		423,049	423,049	466,108
Transfer from Current Account to Capital Account	17,544	(17,544)		
Interfund Transfers		(402,856)	(402,856)	(279,523)
Net Change for Year, Statement II	$29,579	$ 127,383	$ 156,962	$ 216,662

Trust and Endowment Funds

	Scholarships and Bursaries	Mennonite Chair	Other Restricted
Current Accounts			
Additions:			
Gifts, grants & bequests	$ 196,550	$ 25	$ 174,068
Investment Income	107,421	68,631	50,157
	303,971	68,656	224,225
Deductions:			
Library Books			8,305
Awards	396,124		
Other			18,620
	396,124		26,925
Transfer to Capital Account	(23,589)	6,045	
Transfer to Operating Fund		(77,031)	(147,651)
Intrafund Transfers	165,562		10,058
Net Change for Year	49,820	(2,330)	59,707
Balance Beginning of Year	463,516	(6,045)	128,091
Balance End of Year	513,336	(8,375)	187,798
Capital Accounts			
Gifts, grants & bequests	12,035		
Transfer from Current Account	23,589	(6,045)	
Balance Beginning of Year	671,357	692,929	363,634
Balance End of Year	706,981	686,884	363,634
Trust Fund Balance	$1,220,317	$678,509	$ 551,432

Schedule 13

Unrestricted		TOTAL	
U of W Fund	General	1986	1985
$ 45,817	$ 56,870	$ 473,330	$ 442,868
1,847	269,446	497,502	516,555
47,664	326,316	970,832	959,423
		8,305	28,497
		396,124	382,164
		18,620	55,447
		423,049	466,108
		(17,544)	(85,800)
(7,422)	(170,752)	(402,856)	(279,523)
(11,133)	(164,487)		
29,109	(8,923)	127,383	127,992
18,555	1,649,497	2,253,614	2,125,622
47,664	1,640,574	2,380,997	2,253,614
		12,035	2,870
		17,544	85,800
	1,357,285	3,085,205	2,996,535
	1,357,285	3,114,784	3,085,205
$ 47,664	$2,997,859	$5,495,781 (Statement I)	$5,338,819 (Statement I)

Manitoba

UNIVERSITY OF WINNIPEG PENSION PLAN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements I and II and Schedule 1 of the University of Winnipeg Pension Plan for the fiscal year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University of Winnipeg Pension Plan as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

April 8, 1986,
Winnipeg, Manitoba.

Statement I

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF FINANCIAL POSITION

as at 31 December 1985
(with comparative figures for 31 December 1984)

	31 December 1985	31 December 1984
ASSETS		
Cash	$ 3,018,075	$ -
Accrued interest and dividends receivable	315,774	308,133
Due from (to) University of Winnipeg Operating Fund	9,271	(2,368)
Investments - at cost, Schedule 1	22,009,471	17,922,906
	$25,352,591	$18,228,671
LIABILITIES		
Accounts payable	$ 2,092,637	$ 12,739
Reserve for Pension Benefits, Statement II	23,259,954	18,215,932
	$25,352,591	$18,228,671

Approved on behalf of the Pension Committee

Jl Porter

Statement II

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF RESERVE FOR PENSION BENEFITS

for the Twelve Months ended 31 December 1985
(with comparative figures for the period ended 31 December 1984)

	31 December 1985 12 Months	31 December 1984 9 Months
ADDITIONS		
Contributions		
Members - regular	$ 757,695	$ 571,998
- voluntary	164,435	137,865
University	757,695	571,998
Refund from group annuity	-	19,229
Investment income	2,041,871	1,317,773
Realized gain on sale of securities	1,749,738	-
	5,471,434	2,618,863
DEDUCTIONS		
Payments to or on behalf of members		
Pensions to retired members	228,887	140,385
Death benefits	8,756	59,151
Refunds and transfers to other plans	102,931	45,492
	340,574	245,028
Administrative expenses		
Investment fees	32,743	18,611
Actuarial fees	16,731	6,835
Administrator's fees	13,942	7,755
Custodial fees	18,290	9,791
Audit and other expenses	5,132	4,401
	86,838	47,393
NET CHANGE	5,044,022	2,326,442
BALANCE AT BEGINNING OF YEAR	18,215,932	15,889,490
BALANCE AT END OF YEAR, Statement I	$23,259,954	$18,215,932

Schedule 1

UNIVERSITY OF WINNIPEG PENSION PLAN

SUMMARY OF INVESTMENTS

as at 31 December 1985
(with comparative figures for 31 December 1984)

	31 December 1985			31 December 1984		
	Cost	Market	% of Cost	Cost	Market	% of Cost
Bonds	$ 9,280,222	$ 9,532,316	42.2	$10,025,682	$10,075,317	56.0
Stocks	7,153,407	7,468,382	32.5	3,304,823	3,364,250	18.4
Mortgages	3,605,851	3,892,281	16.4	3,496,439	3,646,330	19.5
Short-term	1,969,991	1,969,991	8.9	1,095,962	1,095,962	6.1
Total Investments, Statement I	$22,009,471	$22,862,970	100.0	$17,922,906	$18,181,859	100.0

UNIVERSITY OF WINNIPEG PENSION PLAN

Notes to the Financial Statements

as at 31 December 1985

1. These financial statements have been prepared on an accrual basis of accounting. Investments are carried at cost with no amortization of premium or discount.

2. These financial statements do not take into account actuarial valuations, and therefore do not reflect the financial position of the Plan on an actuarial valuation basis.

3. An actuarial valuation of the University of Winnipeg Pension Plan was completed as of 31 December, 1984. This valuation showed a surplus of $3,458,000 before the implementation of certain improvements to the plan benefits. The cost of these improvements, according to an actuarial review, has reduced the surplus to $190,000 as of 31 December, 1984. Any unfunded liability that may arise from future valuations will be funded by the University since this is a defined-benefit plan.

4. The University provides administrative services at no charge to the Plan.

Manitoba

VENTURE MANITOBA TOURS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Venture Manitoba Tours Ltd. as at March 31, 1986, the statements of operations and deficit and changes in financial position and the schedule of general and administrative expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Venture Manitoba Tours Ltd. as at March 31, 1986 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fred W. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

December 15, 1986,
Winnipeg, Manitoba.

Exhibit A

VENTURE MANITOBA TOURS LTD.

Balance Sheet
as at March 31, 1986

	1986	1985
ASSETS		
Current assets:		
Accounts receivable:		
Trade	$ 86,119	$ 72,858
Government of the Province of Manitoba	25,000	55,336
Inventories (Note 2)	87,009	83,178
Prepaid expenses	28,952	23,377
Total current assets	227,080	234,749
Fixed assets (Note 2, 3)	2,743,037	1,885,975
	$ 2,970,117	$ 2,120,724
LIABILITIES		
Current liabilities:		
Bank indebtedness (Note 4)	$ 1,321,854	$ 554,496
Accounts payable and accrued charges	621,388	755,139
Advance deposits	41,679	40,511
Current portion of obligation under capital lease	5,763	5,002
Unapplied grant funds (Note 3)	-	681,264
Total current liabilities	1,990,684	2,036,412
Advance from the Government of the Province of Manitoba (Note 5)	2,000,000	300,000
Obligation under capital lease (Note 6)	13,439	19,202
Total liabilities	4,004,123	2,355,614
SHAREHOLDER'S EQUITY		
Share capital:		
Authorized - 1,500,000 shares without par value to a maximum consideration of $1,500,000		
Issued and fully paid - 556,000 shares (Note 1)	556,000	556,000
Grant from the Government of the Province of Manitoba (Note 7)	257,910	257,910
Deficit, Exhibit B	(1,847,916)	(1,048,800)
	(1,034,006)	(234,890)
	$ 2,970,117	$ 2,120,724

Exhibit B

VENTURE MANITOBA TOURS LTD.

Statement of Operations and Deficit
for the year ended March 31, 1986

	1986	1985
Sales and other income	$ 2,136,010	$ 1,424,335
Cost of sales	433,761	340,348
Gross profit	1,702,249	1,083,987
Departmental expenses:		
Salaries, wages and benefits	715,076	515,250
Other	111,526	58,174
	826,602	573,424
Departmental income	875,647	510,563
General and administrative expenses, Schedule 1	1,249,781	775,077
Loss before depreciation, amortization and interest expense	374,134	264,514
Depreciation and amortization	134,802	42,422
Interest expense	290,180	54,674
Operating loss	799,116	361,610
Expenses incurred during resort closure (Note 8)	-	116,758
Loss for the year	799,116	478,368
Deficit, beginning of year	1,048,800	570,432
Deficit, end of year, Exhibit A	$ 1,847,916	$ 1,048,800

Exhibit C

VENTURE MANITOBA TOURS LTD.

Statement of Changes in Financial Position
for the year ended March 31, 1986

	1986	1985
Sources of working capital:		
Portion of expansion grant applied	$ 831,264	$ 1,222,940
Advance from the Government of the Province of Manitoba (Note 5)	1,700,000	300,000
Proceeds from sale of fixed assets	-	5,070
	2,531,264	1,528,010
Application of working capital:		
To operations:		
Loss for the year, Exhibit B	799,116	478,368
Add (deduct): Items not affecting working capital:		
Depreciation	(134,803)	(52,515)
Gain on sale of fixed assets	-	1,183
	664,313	427,036
Additions to fixed assets	1,823,129	2,404,301
Current portion of obligation under capital lease	5,763	5,012
	2,493,205	2,836,349
Increase (decrease) in working capital	38,059	(1,308,339)
Working capital deficiency, beginning of year	1,801,663	493,324
Working capital deficiency, end of year	$ 1,763,604	$ 1,801,663
Components of working capital:		
Current assets	$ 227,080	$ 234,749
Current liabilities	1,990,684	2,036,412
Working capital deficiency	$ 1,763,604	$ 1,801,663

Schedule 1

VENTURE MANITOBA TOURS LTD.

Schedule of General and Administrative Expenses
for the year ended March 31, 1986

	1986	1985
Administration:		
Salaries, wages and benefits	$ 135,034	$ 70,854
Telephone	68,635	31,608
Legal, accounting and audit	59,531	32,376
Administrative services (Note 11)	29,400	23,975
Credit card discount	22,339	14,830
Insurance	19,052	12,692
Miscellaneous	15,423	5,021
Directors' expenses	14,184	8,252
Transportation	13,855	8,569
Equipment rental	11,261	7,442
Printing and stationery	9,293	9,651
Service charges	6,871	5,973
Bad debt expense	5,114	6,384
Postage	4,092	2,873
Membership fees	2,646	3,182
Personnel recruitment	1,974	591
	418,704	244,273
Energy and maintenance:		
Propane and hydro	165,989	107,032
Wages and benefits - maintenance staff	103,792	41,456
Maintenance services - Parks Branch	39,600	27,500
Automobile	23,743	10,330
Repairs	21,451	10,153
Equipment and parts	18,815	12,263
Miscellaneous	8,092	3,518
Air conditioning and refrigeration	2,895	5,739
Furniture	64	150
	384,441	218,141
Recreation department:		
Salaries and benefits	49,412	38,588
Equipment and supplies	7,109	5,994
	56,521	44,582

Schedule 1

VENTURE MANITOBA TOURS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1986

	1986	1985
Sales promotion:		
Advertising and promotion	$ 111,115	$ 135,964
Salaries and benefits - marketing staff	38,443	18,857
Printing and stationery	24,164	11,228
Miscellaneous	7,461	3,084
Travel	3,996	3,560
Office accomodation	2,280	1,980
	187,459	174,673
Staff costs:		
Employee meals	98,510	37,598
Staff training	38,371	28,685
Employee transportation	34,155	15,156
Utilities - staff quarters	16,003	6,624
Repairs - staff quarters	15,410	1,445
Rent - staff quarters	207	3,900
	202,656	93,408
Total general and administrative expenses, Exhibit B	$ 1,249,781	$ 775,077

VENTURE MANITOBA TOURS LTD.

Notes to the Financial Statements
March 31, 1986

1. Status of the Corporation and Nature of its Operations

The Company is incorporated under the Manitoba Corporations Act. The issued share capital is owned by the Minister of Finance of the Government of the Province of Manitoba.

The Government of the Province of Manitoba owns the original portion of the Gull Harbour Resort and Conference Centre. The Company operates the resort for its own account, without rental charge, under a lease agreement with the Province. The resort is situated in the Hecla Provincial Park and is not subject to realty taxes.

2. Significant Accounting Policies

(a) Inventories

Inventories are valued at the lower of cost, determined on the first-in-first-out method, and net realizable value.

(b) Fixed assets

The fixed assets, which do not include the original resort owned by the Province of Manitoba, are recorded at cost less applied grant funds and accumulated depreciation. Depreciation, with the exception of automobiles, is calculated on a straight line basis at rates, shown below, which will amortize the cost over the estimated useful life of the assets.

Building addition	40 years
Furniture and fixtures	2 1/2 to 10 years
Leasehold improvements	2 1/2 to 40 years
Staff quarters	3 to 25 years
Automobiles	30 percent declining balance
Equipment under capital lease	10 years
Parking lot	25 years

Grants funds provided for the resort expansion, renovations and refurbishing are to pay one-half of the total costs. The grant funds are applied against the construction costs on this basis as the costs are incurred.

(c) Capital Lease

Assets which are acquired by way of long-term leases which are financing in nature are capitalized at fair market value less applied grant funds received and are included as fixed assets in the financial statements. The amounts included in fixed assets in respect of leased assets are at the fair market value (cost) of $31,201 less government grants of $15,601.

VENTURE MANITOBA TOURS LTD.

Notes to the Financial Statements
March 31, 1986

3. Fixed Assets

The fixed assets shown on the balance sheet at March 31, 1986 are:

	1986			1985
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building addition	$ 1,670,326	$ 66,044	$ 1,604,282	$ 473,911
Leasehold improvements	533,853	84,807	449,046	416,076
Furniture and fixtures	499,732	114,956	384,776	175,731
Staff quarters	296,235	33,584	262,651	17,883
Parking lot	28,968	579	28,389	-
Automobiles	3,914	1,721	2,193	408
Equipment under capital lease	15,600	3,900	11,700	13,261
	3,048,628	305,591	2,743,037	1,097,270
Construction in progress	-	-	-	788,705
	$ 3,048,628	$ 305,591	$ 2,743,037	$ 1,885,975

Grant funds received from the Government of the Province of Manitoba are applied to the cost of fixed assets. The funds applied to fixed assets and the unapplied grant funds as at March 31, 1986 are as follows:

	1986	1985
Beginning balance	$ 681,264	$ 204,204
Grants received:		
Destination Manitoba	150,000	700,000
Jobs Fund	-	1,000,000
Total grants received	150,000	1,700,000
	831,264	1,904,204
Less amount applied to fixed assets	831,264	1,222,940
Unapplied grant funds, Exhibit A	$ -	$ 681,264

4. Bank Indebtedness

	1986	1985
Bank loan	$ 1,250,000	$ 500,000
Bank overdraft	71,854	54,496
	$ 1,321,854	$ 554,496

The Government of the Province of Manitoba has guaranteed a line of credit for the Company to a maximum of $1,250,000.

5. Advance from the Government of the Province of Manitoba

The Government of the Province of Manitoba approved $2,000,000 to advance to Venture Manitoba Tours Ltd. to assist in financing the resort expansion. As at March 31, 1986 $2,000,000 had been received.

The advance bears interest at the bank prime lending rate from the date of receipt to the date of repayment. Interest is payable quarterly. The advance is repayable at any time in whole or in part on demand.

6. Capital Lease

The following is a schedule of future minimum lease payments under the capital lease expiring September 1988 together with the balance of the obligation under the capital lease.

1987	8,133
1988	8,133
1989	7,187
Total minimum lease payments	23,453
Less amount representing interest	4,251
Balance of the obligation	19,202
Less current portion	5,763
	$ 13,439

7. Grant from the Government of the Province of Manitoba

In July, 1982 the Company received a conditional grant of $325,000 from the Government of the Province of Manitoba. The conditions are that it is repayable by annual payments of $100,000 from operating profits beginning in the fiscal year ended March 31, 1983 and that the outstanding balance of the grant is subject to interest at 16% per annum. No principal repayments were made during the year.

VENTURE MANITOBA TOURS LTD.

Notes to the Financial Statements
March 31, 1986

8. Expenses Incurred During Resort Closure

The resort was closed for two and one-half months during the year ended March 31, 1985 due to expansion and renovations. Expenses incurred during the resort closure, other than those which resulted in revenue, were segregated from operating expenses incurred during the normal operating periods. These expenses included depreciation of $10,093 and interest of $19,160.

9. Contingent Liability

The Company is contingently liable for $148,656, in regards to a statement of claim filed by a contractor involving the recently completed addition. No settlement has been reached to date and no provision has been made in the financial statements.

10. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba.

11. Services Provided by the Province

The Government of the Province of Manitoba provides certain management and administrative services without charge to the Company. The costs of these services are not reflected in the financial statements.

MEYERS
NORRIS
PENNY & Co.

CHARTERED ACCOUNTANTS

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PARTNERS:

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B.D. PRITCHARD, C.A.
J.G. CRISTALL, C.A.
J.W. McWHIRTER, C.A.

4th April 1986

The Members of the Board
The Whitemud Watershed Conservation District

AUDITORS' REPORT

We have examined the balance sheet of The Whitemud Watershed Conservation District, as at 31st December 1985 and the statements of revenue and expenditures and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at 31st December 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Meyers Norris Penny/Co
Chartered Accountants

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

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FOR THE YEAR ENDED 31ST DECEMBER 1985

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STATEMENT 5 - STATEMENT OF EARNINGS - INVENTORY PROGRAM

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NOTES TO THE FINANCIAL STATEMENTS

- - - - -

STATEMENT 1

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

BALANCE SHEET AS AT 31ST DECEMBER 1985

ASSETS

	1985	1984
CURRENT ASSETS		
Cash	149,102	196,479
Accounts receivable	78,371	54,791
Inventory of supplies	58,510	33,621
Prepaid expenses and accrued interest	2,535	3,222
	288,518	288,113
FIXED ASSETS - Note 2	40,154	51,232
	328,672	339,345

LIABILITIES

	1985	1984
CURRENT LIABILITIES		
Accounts payable and accrued expenses	72,427	77,168
Customer deposits	474	313
	72,901	77,481

SURPLUS

	1985	1984
WATERSHED PROGRAMS		
Sub-District Program - Statement 2	50,017	51,389
General Board Program - Statement 3	78,140	90,751
Equipment Program - Statement 4	49,380	42,570
Inventory Program - Statement 5	33,566	36,277
Rosedale Farm Program - Statement 6	6,400	6,815
Emergency Reserve	30,000	30,000
Sick leave reserve - Note 3	8,268	4,062
	255,771	261,864
	328,672	339,345

STATEMENT 2

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

STATEMENT OF REVENUE AND EXPENDITURES AND SURPLUS - SUB-DISTRICT PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	Willowbend Creek #35	Westbourne Drain #36	Squirrel Creek #37	Pine Creek #38
REVENUE				
Municipal levies	24,211	24,550	13,121	18,894
Province of Manitoba	48,180	34,430	43,416	65,482
	72,391	58,980	56,537	84,376
EXPENDITURES				
Crossing repair	5,917	8,091	4,922	4,372
Weed and bush control	9,504	2,099	1,457	3,580
Runway stabilization				
Channel maintenance	15,964	25,566	51,509	
Channel construction	35,185	185		18,406
Culverts and structures		9,965		59,744
Miscellaneous				
	66,570	45,906	57,888	86,102
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,821	13,074	(1,351)	(1,726)
SURPLUS - BEGINNING OF YEAR	2,328	2,154	3,159	1,201
SURPLUS (DEFICIT) - END OF YEAR	8,149	15,228	1,808	(525)

STATEMENT 2

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

STATEMENT OF REVENUE AND EXPENDITURES AND SURPLUS - SUB-DISTRICT PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

Central Whitemud #39	Upper Whitemud #40	Big Grass Marsh #42	Big Grass River #43	Total 1985	Total 1984
27,400	13,816	22,351	44,555	188,898	193,465
74,145	40,272	83,834	256,145	645,904	750,344
101,545	54,088	106,185	300,700	834,802	943,809
31,003		18,037	30,360	102,702	123,070
7,832	3,505	3,289	3,628	34,894	62,481
47,867	50,192			98,059	81,303
8,903		30,533	9,178	141,653	162,271
		525	130,599	184,900	337,481
		59,360	141,642	270,711	150,005
3,255				3,255	5,019
98,860	53,697	111,744	315,407	836,174	921,630
2,685	391	(5,559)	(14,707)	(1,372)	22,179
16,084	4,148	7,624	14,691	51,389	29,210
18,769	4,539	2,065	(16)	50,017	51,389

STATEMENT 3

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

STATEMENT OF REVENUE AND EXPENDITURES AND SURPLUS - GENERAL BOARD PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
REVENUE		
Province of Manitoba	173,924	165,206
Direct charges	1,545	1,463
Interest earned	14,469	13,768
Individual contributions	24,521	15,598
Transfer from Equipment program	1,044	4,606
Sale of equipment		750
	215,503	201,391
EXPENDITURES		
Administrative		
Watershed manager salary and expenses	39,696	38,406
Secretary-treasurer salary	12,312	9,914
Board members remuneration and expenses	11,659	7,051
Professional fees	3,612	3,410
Rent	2,400	2,400
Conservation District Authority of Manitoba - Note 4	4,480	6,623
Office supplies	6,498	5,675
Insurance	1,005	631
Depreciation	439	439
Public relations	950	315
Miscellaneous	755	753
Small tool purchases	1,096	1,392
	84,902	77,009
Specific Programs		
Forage crops	74,041	74,070
Shelter belts	27,016	19,561
Shelter belt weed control	12,484	8,111
Wild lands	8,232	6,622
Grassed waterways	910	225
Resource extension and public education	18,361	14,931
Conservation corridors		2,036
Demonstrations	683	2,433
	141,727	127,989
Direct Expenses	1,485	1,463
	228,114	206,461
EXCESS OF EXPENDITURES OVER REVENUE	12,611	5,070
SURPLUS - BEGINNING OF YEAR	90,751	95,821
SURPLUS - END OF YEAR	78,140	90,751

STATEMENT 4

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

STATEMENT OF REVENUE AND EXPENDITURES AND SURPLUS - EQUIPMENT PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
REVENUE		
Rentals	52,266	49,288
EXPENDITURES		
Fuel and oil	8,532	7,084
Repairs and maintenance	20,561	14,780
Insurance and licences	720	639
Depreciation	11,365	11,264
Wages	3,234	4,136
Transfer to General Board program	1,044	4,606
	45,456	42,509
EXCESS OF REVENUE OVER EXPENDITURES	6,810	6,779
SURPLUS - BEGINNING OF YEAR	42,570	37,825
	49,380	44,604
ADJUSTMENT TO SURPLUS - Note 5		2,034
SURPLUS - END OF YEAR	49,380	42,570

STATEMENT 5

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

STATEMENT OF EARNINGS AND SURPLUS - INVENTORY PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
SALES	22,151	39,934
COST OF SALES		
Inventory - Beginning of year	33,621	36,812
Purchases	47,166	33,104
	80,787	69,916
Inventory - End of year	58,510	33,621
	22,277	36,295
GROSS PROFIT (LOSS)	(126)	3,639
EXPENDITURES		
Wages	902	1,931
Insurance	276	92
Yard maintenance	1,089	724
Depreciation	318	318
	2,585	3,065
NET EARNINGS (LOSS)	(2,711)	574
SURPLUS - BEGINNING OF YEAR	36,277	33,065
	33,566	33,639
ADJUSTMENT TO SURPLUS - Note 5		2,638
SURPLUS - END OF YEAR	33,566	36,277

STATEMENT 6

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

STATEMENT OF REVENUE AND EXPENDITURES AND SURPLUS - ROSEDALE FARM PROGRAM

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
REVENUE	8,311	12,407
EXPENDITURES		
Inventory - Beginning of year		5,126
Deer Feeding Program	760	
Fertilizer and renovating	3,803	5,455
Taxes		785
Miscellaneous	296	65
Harvesting	3,867	2,440
	8,726	13,871
EXCESS OF EXPENDITURES OVER REVENUE	415	1,464
SURPLUS - BEGINNING OF YEAR	6,815	8,279
SURPLUS - END OF YEAR	6,400	6,815

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1985

NOTE 1 - ACCOUNTING POLICIES

Entity Definition

The Whitemud Watershed Conservation District was established by an Order-in-Council of the Province of Manitoba on the 22nd March 1972. The District receives funding from the Province of Manitoba and certain municipalities and is governed by a board of directors from the various municipalities involved in the conservation district.

Inventory

Inventory is valued at cost and determined on a first in first out basis.

Fixed Assets

Fixed assets are recorded at cost.

Depreciation

Depreciation is recorded on the straight line method at the following rates:

Building	5%
Fence	5%
Equipment	15%
Pump equipment	50%

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1985

NOTE 2 - FIXED ASSETS

The following is a summary of the fixed asset and accumulated depreciation accounts:

	Balance Beginning Of Year	Additions	Balance End Of Year
Fixed Assets			
Land	1,835		1,835
Building	14,783		14,783
Fence	5,339		5,339
Equipment	90,117	1,044	91,161
Pump equipment	261		261
	112,335	1,044	113,379
Accumulated Depreciation			
Building	5,174	739	5,913
Fence	2,269	267	2,536
Equipment	53,399	11,116	64,515
Pump equipment	261		261
	61,103	12,122	73,225
Net Book Value	51,232		40,154

NOTE 3 - SICK LEAVE RESERVE

The reserve has been established to recognize the accrual of sick leave of the employees. The employees accrue sick leave at the rate of one and a quarter days per month employed. At 31st December 1985, the aggregate amount of possible claims was $104,830, in 1984 $91,300

NOTE 4 - CONSERVATION DISTRICT AUTHORITY OF MANITOBA

These costs represent an allocation of certain administration expenses of the Conservation District Authority of Manitoba and are fully funded by the Province of Manitoba.

NOTE 5 - ADJUSTMENT TO SURPLUS

The District changed their policy of allocation of certain expenses between the General Board, equipment and inventory program. This change resulted in a decrease to the equipment program surplus of $2,034 and an increase to the inventory program surplus of $2,638 in 1984.

PEAT
MARWICK

Peat, Marwick, Mitchell & Co.
Chartered Accountants
500 - 363 Broadway Avenue
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(204) 949-1594

AUDITORS' REPORT

To The Workers Compensation Board of Manitoba:

We have examined the balance sheet (being Exhibit 1) of The Workers Compensation Board of Manitoba as at December 31, 1985 and the accompanying financial statements (being Exhibits 2 to 5) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting principles set out in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Winnipeg, Canada
February 17, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

The Workers Compensation
Board of Manitoba

EXHIBIT 1

Balance Sheet

as at December 31, 1985

(with comparative figures for 1984)

Assets

	1985	1984
Assessments receivable (Note 1)	$ 471,523	$ 209,086
Employees' and sundry accounts receivable	220,762	248,850
Deferred cost of pension increases (Note 2)	36,346,258	25,557,330
Investment in securities as authorized by The Trustee Act, Manitoba, Exhibit 5 (Note 3)	165,959,058	163,755,753
Accrued interest on investments	3,107,978	3,141,130
Fixed assets (Note 4)	1,712,382	2,122,185
TOTAL	$207,817,961	$195,034,334

Liabilities and Reserves

	1985	1984
Bank	$ 986,880	$ 1,670,457
Accounts payable	257,337	554,225
Class Funds, Exhibit 3	(25,769,652)	(13,687,882)
Payable to The Government of Canada (Note 5)	193,336	(167,881)
Reserves, Exhibit 2 (Note 6)		
Pension Fund	171,000,000	150,173,655
Future cost of existing claims	56,528,503	51,191,206
Equalization Fund	645,449	1,008,851
Second Injury Fund	1,988,170	2,398,463
Rehabilitation Fund	1,987,938	1,893,240
TOTAL	$207,817,961	$195,034,334

Approved on behalf of the Board of Commissioners

Chairperson

Commissioner

Commissioner

The accompanying notes are an integral part of these financial statements.

Statement of Reserves

for the year ended December 31, 1985

(with comparative figures for 1984)

	Pension Fund	Future Cost of Existing Claims	Equalization Fund	Second Injury Fund	Rehabilitation Fund	Class Funds (Exhibit 3)	Total 1985	Total 1984
Balance, beginning of year	$150,173,655	$51,191,206	$1,008,851	$2,398,463	$1,893,240	($13,687,882)	$192,977,533	$200,756,694
Additions:								
Assessments						69,562,457	69,562,457	49,813,218
Interest income	15,459,101	5,337,297	81,631	3,660	12,957	(966,024)	19,928,622	20,777,424
Other						(186,466)	(186,466)	354,453
Pension awards	14,110,900						14,110,900	15,444,125
Increase in pension awards provided under legislative change (Note 2)	22,132,510						22,132,510	
From (to) other reserves and government subsidies (Note 6)	(10,928,005)		(160,013)	4,839,953	4,283,086	1,964,979	0	4,000,000
	40,774,506	5,337,297	(78,382)	4,843,613	4,296,043	70,374,946	125,548,023	90,389,220
Deductions:								
Compensation			134,831	2,042,074		29,452,612	31,629,517	29,518,049
Medical aid			125,798	407,717		10,615,323	11,148,838	11,353,581
Rehabilitation			285	855,666	4,201,345	4,585,626	9,642,922	7,881,630
Pensions	19,948,161						19,948,161	14,841,008
TOTAL BENEFITS PAID	19,948,161	—	260,914	3,305,457	4,201,345	44,653,561	72,369,438	63,594,268
Pension awards			24,106	1,948,449		12,138,345	14,110,900	15,444,123
Amortization of pension increases (Note 2)								
— Principal						11,343,582	11,343,582	5,544,126
— Interest						2,651,794	2,651,794	3,208,224
Administration expenses and other charges, Exhibit 4						11,669,434	11,669,434	10,377,640
	19,948,161	—	285,020	5,253,906	4,201,345	82,456,716	112,145,148	98,168,381
Net change for the period	20,826,345	5,337,297	(363,402)	(410,293)	94,698	(12,081,770)	13,402,875	(7,779,161)
Balance, end of year	$171,000,000	$56,528,503	$ 645,449	$1,988,170	$1,987,938	($25,769,652)	$206,380,408	$192,977,533

The accompanying notes are an integral part of these financial statements.

EXHIBIT 3

Statement of Class Fund Operations

for the year ended December 31, 1985

(with comparative figures for 1984)

	Class "A"	Class "C"	Class "D"	Class "E"	Class "G"	Total 1985	Total 1984
Balance, beginning of year	$53,518	($37,959)	($516,407)	$201,441	($13,388,475)	($13,687,882)	$4,090,852
Additions:							
Assessments	1,688,687	2,917,180	3,833,786	2,219,503	58,903,301	69,562,457	49,813,218
Interest income	(7,317)	(7,530)	(5,794)	(1,997)	(943,386)	(966,024)	87,229
Other		(305)	(3,515)	17,799	(200,445)	(186,466)	354,453
From (to) other reserves and government subsidies (Note 6)	311,112	401,793	811,794	440,280		1,964,979	4,000,000
	1,992,482	3,311,138	4,636,271	2,675,585	57,759,470	70,374,946	54,254,900
Deductions:							
Compensation	483,657	830,899	991,145	158,156	26,988,755	29,452,612	27,944,906
Medical aid	140,825	250,538	482,835	415,848	9,325,277	10,615,323	10,881,774
Rehabilitation	162,971	173,890	249,041	81,367	3,918,357	4,585,626	1,776,712
TOTAL BENEFITS PAID	787,453	1,255,327	1,723,021	655,371	40,232,389	44,653,561	40,603,392
Pension awards	411,484	304,765	402,822	1,040,669	9,978,605	12,138,345	12,300,252
Amortization of pension increases (Note 2)							
— Principal	284,159	946,397	1,067,103	299,938	8,745,985	11,343,582	5,544,126
— Interest	72,360	78,509	116,254	74,710	2,309,961	2,651,794	3,208,224
Administration expenses and other charges, Exhibit 4	161,764	268,449	551,964	678,908	10,008,329	11,669,434	10,377,640
	1,717,220	2,853,447	3,861,184	2,749,596	71,275,269	82,456,716	72,033,634
Net change for the period	275,262	457,691	775,087	(74,011)	(13,515,799)	(12,081,770)	(17,778,734)
Balance, end of year	$328,780	$419,732	$258,680	$127,430	($26,904,274)	($25,769,652)	($13,687,882)

The accompanying notes are an integral part of these financial statements.

EXHIBIT 4

Administration Expenses and Other Charges

for the year ended December 31, 1985

(with comparative figures for 1984)

Administration Expenses

	1985	1984
Staff and service costs	$ 6,964,583	$ 6,179,160
Data processing	1,417,942	997,207
Supplies and services	601,526	570,372
Communications	444,963	400,572
Building operations	421,358	281,288
Depreciation	188,991	188,786
Professional fees	89,292	55,763
Legislative Review Committee	32,799	
Other	21,800	63,272
TOTAL ADMINISTRATION EXPENSES	10,183,254	8,736,420

Other Charges (Note 7)

Charges under The Workplace Safety and Health Act	1,957,829	1,968,000
Expenses of Worker Advisors under Section 91 of The Workers Compensation Act	385,106	381,800
TOTAL OTHER CHARGES	2,342,935	2,349,800

Less Recoveries

The Government of Canada for administering its employees' compensation program	698,205	553,828
The Government of The Province of Manitoba for administering The Criminal Injuries Compensation Act	158,550	154,752
TOTAL RECOVERIES	856,755	708,580
TOTAL CHARGED TO CLASSES	$11,669,434	$10,377,640

The accompanying notes are an integral part of these financial statements.

EXHIBIT 5

Summary of Investments

as at December 31, 1985

(with comparative figures for 1984)

Bonds and debentures issued by, or guaranteed by, the following:	1985 Par Value	1985 Book Value	1984 Book Value
Government of Canada	$ 11,500,000	$ 11,448,855	$ 11,443,932
Province of Alberta	250,000	249,691	249,588
Province of British Columbia	1,035,000	1,033,593	1,032,446
Province of Manitoba	76,298,000	75,840,418	75,766,368
Province of Newfoundland	150,000	150,000	150,000
Province of Ontario	1,000,000	993,190	1,242,595
Province of Quebec	2,762,000	2,740,291	3,557,238
Province of Saskatchewan	250,000	155,664	149,768
Municipal Corporations	4,554,000	4,539,236	4,897,197
School Districts and Divisions	0	0	7,992
Hospitals	8,405,667	8,400,078	8,744,657
Corporations	8,225,000	7,396,450	7,364,152
	$114,429,667	$112,947,466	$114,605,933
Mortgages, National Housing Act (Canada)		32,398,158	32,629,932
Deposits with the Minister of Finance		20,613,434	16,519,888
TOTAL INVESTMENTS		$165,959,058	$163,755,753

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

for the year ended December 31, 1985

1. Assessments receivable consist of the following accounts:

	1985	1984
Assessments billed and outstanding	$741,523	$359,086
Less: Allowance for doubtful accounts	270,000	150,000
Assessments receivable, December 31, 1985	$471,523	$209,086

2. Amendments to The Workers Compensation Act have provided for increases in pension benefits with the cost of these increased benefits to be recovered from the general body of employers and self assurers over a seven year period from the effective date of the amendment. The interest rate associated with the amendments is established at the time the amendments become effective and currently range from 9% to 10.75%. Details of the cost of these amendments are as follows:

	1985 Amendments	1983 and Earlier Amendments	Total
Cost of benefits increases	$22,132,510	$59,978,512	$82,111,022
Less: Charged to special funds	—	964,590	964,590
Balance chargeable to class funds	22,132,510	59,013,922	81,146,432
Recoveries, 1979 to 1984 inclusive	—	33,456,592	33,456,592
	22,132,510	25,557,330	47,689,840
Recoveries, 1985	5,243,026	6,100,556	11,343,582
Balance, December 31, 1985	$16,889,484	$19,456,774	$36,346,258

3. Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized on a straight-line basis over the term of the investment.

   Investment income is allocated to class funds, the pension fund and other reserve funds in accordance with the average monthly balance in each fund.

   The market value of the investments is not disclosed since it is the general policy of the Board to hold investments until maturity.

4. Fixed Assets are valued at cost less accumulated depreciation. The building is depreciated as provided under Section 78 (15) of The Workers Compensation Act. All other assets are depreciated on a straight line basis over the noted period:

Building Renovations	10 years
Automobiles	5 years
Furniture and Fixtures	5 years
Computer System Development	3 years

	Cost	Accumulated Depreciation	Balance as at December 31 1985	Balance as at December 31 1984
Building & Additions	$1,572,298	$ 686,159	$ 886,139	$ 919,312
Building Renovations	229,168	45,836	183,332	206,250
Automobiles	38,372	23,023	15,349	23,023
Furniture & Fixtures	361,685	144,674	217,011	289,348
Computer System Development	821,103	410,552	410,551	684,252
	$3,022,626	$1,310,244	$1,712,382	$2,122,185

Capital acquisitions are expensed in the period they are purchased unless they are of a significant value and will benefit a number of periods.

5. Under the Government Employees Compensation Act (Canada) accident claims of employees of the Government of Canada, usually employed in Manitoba, are administered by the Workers Compensation Board. The $193,336 represents the balance of cash being held by the Board to pay future benefit costs for the Government of Canada.

6. Reserves:

(a) The Pension Fund is established to fund the estimated future disbursements for all pension awards which have been made.

An actuarial review of the Pension Fund was completed as at December 31, 1985 which confirmed the adequacy of the Reserve.

(b) The Future Cost of Existing Claims Fund was last subject to an actuarial review as at December 31, 1983 which established the adequacy of the reserve as of that date. The next review is scheduled for 1986.

(c) The Equalization Fund is established to meet losses arising from any disaster or extraordinary circumstance.

(d) The Second Injury Fund is provided to meet the cost of claims for workers suffering enhanced disabilities due to pre-existing conditions or disabilities.

(e) The Rehabilitation Fund is provided to meet the cost of vocational training and other rehabilitation measures.

(f) In 1985 the following adjustments were made to the funds balances:

	Distribution (Item i)	Pension Surplus (Item ii)	Net Adjustment
Pension		($10,928,005)	($10,928,005)
Equalization	($160,013)		(160,013)
Second Injury	(380,419)	5,220,372	4,839,953
Rehabilitation	62,714	4,220,372	4,283,086
Class A	74,839	236,273	311,112
Class C	101,633	300,160	401,793
Class D	209,192	602,602	811,794
Class E	92,054	348,226	440,280
Net Change	NIL	NIL	NIL

i) In order to separate the activities of the Self-Assured Classes from Class G, the portion of Funds belonging to the Self-Assured Classes in the Second Injury Fund, Equalization Fund and the Rehabilitation Fund were distributed during the year.

The remaining balances in these funds now belong to Class G.

ii) Upon completion of an actuarial review of the Pension Fund a surplus of $10,928,005 was recognized. This surplus was firstly used to reimburse Class G for costs of mutual benefit for which they were charged and, secondly, allocated to the individual classes in proportion to their cost experience over the past twenty years. Class G's entitlement to the surplus was fully allocated to its reserve funds.

7. Under the provisions of The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the Consolidated Fund and may recover such portion as may be determined from the class funds under The Workers Compensation Act. For 1985 the amount charged under this provision was $1,957,829 (1984 - $1,968,000).

   Also, under the provisions of Section 91 (3) of The Workers Compensation Act, the Province may pay the costs incurred in respect to Worker Advisors and may recover them from class funds. For 1985, the amount charged under this provision was $385,106 (1984 - $381,800).

8. The Employee Pension Plan was last valued at January 1, 1985. An actuarial certificate issued that date showed the plan to be fully funded.

   An agreement between the Province of Manitoba and The Workers Compensation Board of Manitoba allows certain employees to remain in the Civil Service Superannuation Fund instead of the Employee Pension Plan. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Board contributes 50% of the pension disbursements made to these employees. Such payments are charged to income as incurred and a provision is not made in the accounts to fund current or past service obligations of the board to the Civil Service Superannuation Fund. On the basis of the most recent actuarial report, the unfunded provision for the Board's employees amounted to approximately $354,500 as at December 31, 1983.